

RD:SSH
6/22/10

RESOLUTION NO 75453

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN
JOSE APPROVING AN AGREEMENT BETWEEN THE CITY OF
SAN JOSE AND THE OPERATING ENGINEERS, LOCAL NO. 3
(OE#3), WITH A TERM OF JULY 1, 2010 – JUNE 30, 2011**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the Agreement between the City of San José and the Operating Engineers, Local No. 3 (OE#3), with a term of July 1, 2010 – June 30, 2011, is hereby approved. The City Manager is hereby authorized to execute an Agreement on behalf of the City of San José.
2. The general terms of the Agreement are set out and described in the Supplemental Memorandum to the Mayor and City Council from the Director of Employee Relations, dated June 21, 2010, and attached hereto as Attachment A and incorporated in this Resolution.

ADOPTED this 22nd day of June, 2010, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA,
KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE, REED.


NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.

ATTEST:


LEE PRICE, MMC
City Clerk


CHUCK REED
Mayor



SUPPLEMENTAL

COUNCIL AGENDA: 06/22/10
ITEM: 3.15

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: June 21, 2010

Approved

Date

SUBJECT: APPROVAL OF AN AGREEMENT WITH THE OPERATING
ENGINEERS, LOCAL NO. 3, (OE#3)

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

Item 3.15 on the City Council Agenda is for approval of an agreement or implementation of terms contained in the City's Last, Best and Final Offer with the Operating Engineers, Local No. 3 (OE#3). The Memorandum dated June 10, 2010, includes the terms of the City's Last, Best and Final Offer. A tentative agreement was reached with OE#3 on June 21, 2010, that achieves a total compensation reduction of 10% (5% ongoing and 5% one-time), and this Memorandum outlines the terms of that tentative agreement.

It is recommended that the City Council authorize the execution of an agreement for the period of July 1, 2010 through June 30, 2011, between the City and Operating Engineers, Local No. 3 (OE#3).

BACKGROUND

The City of San Jose provided OE#3 with its Last, Best and Final Offer on June 9, 2010. The elements of the Last, Best and Final Offer were contained in the Memorandum dated June 10, 2010.

This item was originally on the City Council Agenda for June 15, 2010, but was deferred until June 17, 2010. During the meeting on June 17, 2010, the City Council decided to again delay that decision until June 22, 2010, to allow the City and the bargaining unit time for further discussions.

The City and five bargaining units met on June 18, 2010. The City and the bargaining units developed language that, if ratified by the members, would be recommended by the City Manager for approval by the City Council. This draft language reached the 10% total compensation reduction, 5% ongoing and 5% one-time. It also avoided any City Charter issues that were previously identified with the bargaining units' prior proposal.

HONORABLE MAYOR AND CITY COUNCIL
 June 21, 2010
 Subject: Approval of an Agreement with OE#3
 Page 2 of 3

OE#3 took this language to their membership on June 21, 2010, and the City has been notified that the membership ratified the language. Following confirmation of ratification, the City executed a tentative agreement. A complete copy of the tentative agreement is attached.

ANALYSIS

The following is a summary of terms contained in the tentative agreement with OE#3 that are recommended to be implemented upon approval by the City Council:

Term July 1, 2010 - June 30, 2011

First 5% Ongoing Total Compensation Reduction Effective June 27, 2010, employees will make an additional retirement contribution in the amount of 7.76% of pensionable compensation, and this amount will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates as approved by the Federated City Employees' Retirement System Board.

In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have an ongoing base pay reduction in the equivalent amount of 5% in total compensation.

Part-time employees not in the City's retirement system will receive a 5.25% base pay reduction effective June 27, 2010.

Additional 5% One-Time Total Compensation Reduction-Retirement Contributions Effective June 27, 2010 through June 25, 2011, employees will make an additional retirement contribution in the amount of 3.24% of pensionable compensation, and this amount will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates as approved by the Federated City Employees' Retirement System Board.

In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have their base pay temporarily reduced by the equivalent amount.

Additional 5% One-Time Total Compensation Reduction-Base Pay Reduction Effective June 27, 2010 through June 25, 2011, all full-time employees and part-time employees in the Federated City Employees' Retirement System shall receive a 3.2% temporary base pay reduction. This will result in the top and bottom steps of the range being 3.2% lower.

Part-time employees not in the City's retirement system will receive a 5.25% base pay reduction effective June 27, 2010 through June 25, 2011.

HONORABLE MAYOR AND CITY COUNCIL
June 21, 2010
Subject: Approval of an Agreement with OE#3
Page 3 of 3

**Contingency
Provision**

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the Fiscal Year to achieve the equivalent total compensation reduction.

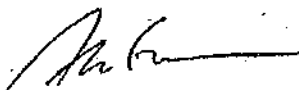
In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

**Commencement of
Negotiations**

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

COST IMPLICATIONS

These terms meet the goal of a 10% total compensation reduction, including 5% in an ongoing total compensation reduction and another 5% in a one-time total compensation reduction. The approval of this tentative agreement will reduce the total compensation for employees represented by the Operating Engineers, Local No. 3 (OE#3). The calculated savings to the City is approximately \$7.1 million in all funds and approximately \$2.6 million in the General Fund. These cost savings are projected based on the Fiscal Year 2010-2011 Proposed Budget. It should be noted, however, that the actual amount of General Fund and all funds savings would need to be adjusted to reflect final budget approval by the City Council, any associated impacts on revenue from lower overhead or other reimbursements, and any adjustments to the cost-recovery fee program.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

OE#3

TERM

July 1, 2010-June 30, 2011

ADDITIONAL RETIREMENT CONTRIBUTIONS**ON-GOING ADDITIONAL RETIREMENT CONTRIBUTIONS**

Effective June 27, 2010, all employees who are members of the Federated City Employees' Retirement System will make additional retirement contributions in the amount of **7.76%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 7.76% of pensionable compensation, as illustrated below:

| Federated | | | |
|---|--------|----------|--------|
| | City | Employee | Total |
| Current Contribution Rates | 29.59% | 10.30% | 39.89% |
| Contribution Rates With Additional Employee Contributions | 21.83% | 18.06% | 39.89% |

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS (Fiscal Year 2010-2011).

In addition to the retirement contributions specified above, effective June 27, 2010, through June 25, 2011, all employees will make an additional retirement contribution in the amount of **3.24%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board.

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

Both the on-going and one-time additional retirement contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redposit in the same manner as any other employee contributions.

For the City:

[Signature] 06/21/10

[Signature]
6/18/10

OE#3

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional on-going and one-time employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Federated City Employees' Retirement System that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Federated City Employees' Retirement System Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

BALANCE TO EQUAL 10% OF TOTAL COMPENSATION

Effective June 27, 2010 through June 25, 2011, all full-time employees and part-time employees in the Federated City Employees' Retirement System shall receive a 3.2% temporary base pay reduction. This will result in the top and bottom steps of the range being 3.2% lower.

PART-TIME EMPLOYEES NOT IN RETIREMENT SYSTEM**Pay Reduction (Ongoing)**

Effective June 27, 2010, all part-time employees not in the City's retirement system shall have their salary ranges decreased by approximately 5.25%. This will result in the top and bottom steps of the range being 5.25% lower. All part-time employees not in the City's retirement system shall receive a 5.25% base pay reduction.

For the City!

[Signature] 06/21/10

[Signature]
6/10/10

75453

OE#3

Pay Reduction (One-Time)

Effective June 27, 2010 through June 25, 2011, all part-time employees not in the City's retirement system shall receive a 5.25% temporary base pay reduction. This is in addition to the 5.25% base pay reduction that will be effective June 27, 2010.

COMMENCEMENT OF NEGOTIATIONS

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

For the City:

Don O'Connell 06/21/10

Walter H. [Signature]
6/18/10

GURZA000455



SUPPLEMENTAL

COUNCIL AGENDA: 06/22/10
ITEM: 3.15

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: June 21, 2010

Approved

Date

6/21/10

SUBJECT: APPROVAL OF AN AGREEMENT WITH THE OPERATING
ENGINEERS, LOCAL NO. 3, (OE#3)

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

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It is recommended that the City Council authorize the execution of an agreement for the period of July 1, 2010 through June 30, 2011, between the City and Operating Engineers, Local No. 3 (OE#3).

BACKGROUND

The City of San Jose provided OE#3 with its Last, Best and Final Offer on June 9, 2010. The elements of the Last, Best and Final Offer were contained in the Memorandum dated June 10, 2010.

This item was originally on the City Council Agenda for June 15, 2010, but was deferred until June 17, 2010. During the meeting on June 17, 2010, the City Council decided to again delay that decision until June 22, 2010, to allow the City and the bargaining unit time for further discussions.

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GURZA000456

HONORABLE MAYOR AND CITY COUNCIL
June 21, 2010
Subject: Approval of an Agreement with OE#3
Page 2 of 3

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ANALYSIS

The following is a summary of terms contained in the tentative agreement with OE#3 that are recommended to be implemented upon approval by the City Council:

Term July 1, 2010 - June 30, 2011

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In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have an ongoing base pay reduction in the equivalent amount of 5% in total compensation.

Part-time employees not in the City's retirement system will receive a 5.25% base pay reduction effective June 27, 2010.

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GURZA000457

**Contingency
Provision**

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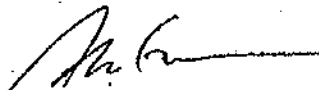
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COST IMPLICATIONS

These terms meet the goal of a 10% total compensation reduction, including 5% in an ongoing total compensation reduction and another 5% in a one-time total compensation reduction. The approval of this tentative agreement will reduce the total compensation for employees represented by the Operating Engineers, Local No. 3 (OE#3). The calculated savings to the City is approximately \$7.1 million in all funds and approximately \$2.6 million in the General Fund. These cost savings are projected based on the Fiscal Year 2010-2011 Proposed Budget. It should be noted, however, that the actual amount of General Fund and all funds savings would need to be adjusted to reflect final budget approval by the City Council, any associated impacts on revenue from lower overhead or other reimbursements, and any adjustments to the cost-recovery fee program.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

OE#3

TERM

July 1, 2010-June 30, 2011

ADDITIONAL RETIREMENT CONTRIBUTIONS

ON-GOING ADDITIONAL RETIREMENT CONTRIBUTIONS

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ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS (Fiscal Year 2010-2011).

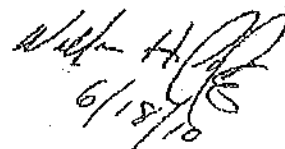
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TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

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For the City:

 05/21/10


6/18/10

GURZA000459

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional on-going and one-time employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Federated City Employees' Retirement System that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Federated City Employees' Retirement System Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

BALANCE TO EQUAL 10% OF TOTAL COMPENSATION

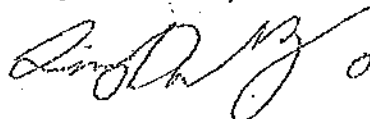
Effective June 27, 2010 through June 25, 2011, all full-time employees and part-time employees in the Federated City Employees' Retirement System shall receive a 3.2% temporary base pay reduction. This will result in the top and bottom steps of the range being 3.2% lower.

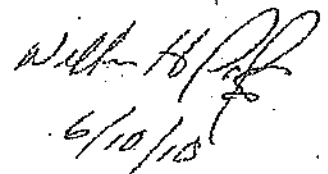
PART-TIME EMPLOYEES NOT IN RETIREMENT SYSTEM

Pay Reduction (Ongoing)

Effective June 27, 2010, all part-time employees not in the City's retirement system shall have their salary ranges decreased by approximately 5.25%. This will result in the top and bottom steps of the range being 5.25% lower. All part-time employees not in the City's retirement system shall receive a 5.25% base pay reduction.

For the City!

 06/21/10


6/10/10

GURZA000460

OE#3

Pay Reduction (One-Time)

Effective June 27, 2010 through June 25, 2011, all part-time employees not in the City's retirement system shall receive a 5.25% temporary base pay reduction. This is in addition to the 5.25% base pay reduction that will be effective June 27, 2010.

COMMENCEMENT OF NEGOTIATIONS

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

For the City:

Don Ormby 06/21/10

Will H. [Signature]
6/18/10

GURZA000461

RESOLUTION NO. 75812

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING IMPLEMENTATION OF THE TERMS CONTAINED IN THE CITY'S LAST, BEST AND FINAL OFFER TO THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE3), EFFECTIVE JUNE 25, 2011

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the implementation of the City of San José's Last, Best and Final Offer to the International Union of Operating Engineers, Local No. 3 (OE3) is hereby approved. The City Manager is hereby authorized to implement the terms of the City of San José's Last, Best and Final Offer on OE3, effective June 25, 2011.
2. The terms of the City of San José's Last, Best and Final Offer to OE3 dated May 12, 2011 are set out and described in the memorandum to the Mayor and City Council from the Director of Employee Relations, dated May 17, 2011, attached hereto as Attachment A, and incorporated in this Resolution.

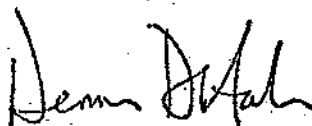
ADOPTED this 31st day of May, 2011, by the following vote:

AYES: CONSTANT, HERRERA, LICCARDO, NGUYEN,
OLIVERIO, PYLE, ROCHA, REED.

NOES: CAMPOS, CHU, KALRA.

ABSENT: NONE.

DISQUALIFIED: NONE.


ATTEST:

DENNIS D. HAWKINS, CMC
City Clerk



CHUCK REED
Mayor

75812

COUNCIL AGENDA: 05-31-11
ITEM: 3.4



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: May 17, 2011

Approved

Date

5/17/11

SUBJECT: APPROVAL OF IMPLEMENTATION OF TERMS CONTAINED IN THE
CITY'S LAST, BEST, AND FINAL OFFER TO THE INTERNATIONAL
UNION OF OPERATING ENGINEERS LOCAL NO. 3 (OE#3)

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

Adoption of a resolution approving the implementation of terms contained in the City's Last, Best, and Final Offer for employees represented by the International Union of Operating Engineers Local Union No. 3 (OE#3), effective June 26, 2011.

OUTCOME

Adoption of the resolution and authorization to implement terms contained in the City's Last, Best, and Final Offer for employees represented by OE#3, effective June 26, 2011. Implementation of terms does not result in implementation of a Memorandum of Agreement (MOA).

BACKGROUND

In November 2010, the City Council in open session approved a goal of reducing the total ongoing employee compensation for all City employees by ten percent (10%). "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

In addition to the 10% ongoing total compensation reduction approved in November 2010, the City Council approved direction to achieve the following reforms: retirement reform, including 2nd tier pension and retiree healthcare benefits for new hires; options for current employees; SRBR or "13th Check;" sick leave payout; disability leave supplement, overtime calculation, vacation sellback and compensation structure.

GURZA000463

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for OE#3

Page 2 of 6

The City of San Jose has a labor contract with the International Union of Operating Engineers Local Union No. 3 (OE#3), which expires on June 30, 2011. OE#3 currently represents approximately 690 positions as included in the 2011-2012 Proposed Operating Budget. This unit includes employees such as Maintenance Assistants, Park Rangers and Parking and Traffic Control Officers.

The negotiations with OE#3 commenced in February 2011, and the parties met approximately fourteen (14) times. The parties reached impasse and engaged in the mediation process on May 4, 2011, and May 11, 2011. Unfortunately, despite these efforts, the parties were unable to reach an agreement.

On May 12, 2011, the City provided OE#3 with alternate Last, Best, and Final offers, which included a one-year or two-year proposed term of agreement with slightly different terms. The City requested that OE#3 provide a response by May 24, 2011. If an agreement is reached with OE#3, a Supplemental Memorandum will be issued.

Pursuant to the Meyers-Millias-Brown Act under California Government Code Section 3505.4, if after meeting and conferring in good faith, an impasse has been reached between the public agency and the recognized employee organization, and impasse procedures, where applicable, have been exhausted, a public agency that is not required to proceed to interest arbitration may implement its last, best, and final offer, but shall not implement a memorandum of understanding.

OE#3 has been notified that this item was being placed on the Council Agenda for implementation of terms contained in the one-year City's Last, Best, and Final offer for employees represented by OE#3, which is attached. However, it is important to note that the imposition of terms does not include the imposition of any side letters.

ANALYSIS

The following is a summary of the terms contained in the City's Last, Best, and Final Offer that would be implemented for employees represented by OE#3:

| | |
|---|--|
| Base Pay Reduction – Ongoing | Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), all salary ranges for employees represented by OE#3 shall be decreased by approximately 10.0%. All employees represented by OE#3 shall receive a 10.0% base pay reduction. |
| | Effective June 25, 2011, the City will cease one-time and ongoing additional employee retirement contributions that offset the City's retirement contribution rates and stop one-time base rate concessions made in Fiscal Year 2010-2011. |
| Healthcare Cost Sharing | Currently, the City pays ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten percent (10%) of the premium for the lowest priced plan for employee or employee and dependent coverage. |

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for OE#3

Page 3 of 6

Effective pay date July 1, 2011, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

**Healthcare
HMO Plan
Design**

The current HMO Plan Design provides for \$10 office visit co-pay, \$5 generic and \$10 brand name prescription co-pays, and a \$50 emergency room co-pay.

Effective pay date July 1, 2011, a \$25 co-pay plan shall be implemented for all HMO plans, including the following changes:

- a. \$25 office visit co-pay
- b. \$10 generic/\$25 brand name prescription co-pay
- c. \$100 emergency room co-pay
- d. \$100 inpatient/outpatient procedure co-pay

**Healthcare
Payment-In-Lieu**

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of fifty percent (50%) of the City's premium. This results in a formula that increases as the City's costs towards healthcare increases. The current in-lieu amounts are as follows:

| | <u>Health-In-Lieu</u> | <u>Dental-In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | \$272.74 | \$23.75 |
| If NOT eligible for family coverage: | \$109.54 | \$23.75 |

Effective pay date July 1, 2011, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

| | <u>Health-In-Lieu</u> | <u>Dental-In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | \$221.84 | \$19.95 |
| If NOT eligible for family coverage: | \$89.09 | \$19.95 |

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

**Healthcare
Dual Coverage**

Effective pay date July 1, 2011, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree.

Disability Leave

Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), reduce the maximum disability supplemental pay benefit from nine (9) calendar months to three (3) calendar months (520 hours).

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for OE#3

Page 4 of 6

Employees will be allowed to integrate accrued vacation, earned compensatory time, and accrued sick leave.

**Salary Step
Structure**

Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), salary steps for all classifications represented by OE#3 will change from approximately 5% to approximately 2.5% between each step. This will increase the number of steps in each pay range.

Overtime

Employees who work in excess of 40 hours per week shall be compensated at the rate of time and one-half (1.5) the employee's hourly rate. Paid time off will no longer be considered time worked for the purposes of calculating eligibility for overtime.

**Subsidy for Public
Transit**

After calendar year 2011, the City will no longer provide employees with an ECO-Pass. Upon exhaustion of the current supply of Commuter Check Vouchers, Vouchers will no longer be available for purchase from the City.

Sick Leave Payout

Effective January 1, 2012, no employee shall be eligible for a sick leave payout.

Side Letters

The City's one-year Last, Best, and Final offer included several side letters to meet and confer, to the extent that any change is a mandatory subject of bargaining, in the areas of Retirement Reform for current and future employees, including but not limited to healthcare benefits; the Supplemental Retiree Benefit Reserve (SRBR) program in the Federated City Employees' Retirement System; and the City's layoff process and procedure, during the term of the proposed agreement.

The imposition of terms does not include the imposition of any side letters. However, absent an MOA containing a "zipper clause" the City or OE#3 may notify the other of its intent to meet and confer on any matters during Fiscal Year 2011-2012, to the extent that any change is a mandatory subject of bargaining. Pursuant to the Meyers-Millas-Brown Act under California Government Code Section 3505, the parties have the mutual obligation to meet and confer promptly upon request by either party, and to endeavor to reach agreement on matters within the scope of representation. This obligation includes all mandatory subjects of bargaining, inclusive of the change in terms included in this memo for Fiscal Year 2011-2012. If the parties are unable to reach an agreement on any of the issues, the parties shall follow the impasse procedures under Employee-Employer Relations Resolution No. 39367.

EVALUATION AND FOLLOW-UP

None.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for OE#3

Page 5 of 6

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the May 31, 2011, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

COST IMPLICATIONS

For Fiscal Year 2010-2011, OE#3 agreed to concessions that achieved a 10% total compensation reduction, 5% ongoing and 5% one-time. These concessions included ongoing and one-time additional retirement contributions to offset the City's retirement costs and a base pay reduction. Effective June 25, 2011, the concessions agreed to in Fiscal Year 2010-2011 will cease and will be replaced with the terms described in this memorandum.

As directed in the Mayor's March 2011 Budget Message, as approved by the City Council, the budgetary savings associated with this action are assumed in the 2011-2012 Proposed Operating Budget which was released on May 2, 2011, as well as the 2011-2012 Proposed Fees and Charges document released on May 7, 2011. The terms which make the 5% one-time total compensation reduction ongoing, generate an additional ongoing savings of approximately \$3.73 million in all funds and approximately \$1.11 million in the General Fund based on the positions included in the 2011-2012 Proposed Operating Budget. These savings do not assume any adjustments necessary to maintain the annual required retirement contributions and the associated change in overhead reimbursements to the General Fund from other funds. These savings also do not include the currently unknown cost increases for healthcare for the second half of Fiscal Year 2011-2012.

75812

HONORABLE MAYOR AND CITY COUNCIL


May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for OE#3

Page 6 of 6

CEQA

CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachment

GURZA000468

CITY OF SAN JOSE AND OE#3
LAST, BEST, AND FINAL OFFER
ALTERNATIVE A

PERIOD OF MEMORANDUM OF AGREEMENT

July 1, 2011 – June 30, 2012 (See attached)

WAGES

See attached

HEALTHCARE COST SHARING

See attached

HEALTHCARE CO. PAYS

See attached

HEALTH AND DENTAL INSURANCE

See attached

HEALTHCARE DUAL COVERAGE

See attached

SICK LEAVE PAYOUT

See attached

DISABILITY LEAVE SUPPLEMENT

See attached

SALARY STEP STRUCTURE

See attached

OVERTIME CALCULATION

See attached

SUBSIDY FOR PUBLIC TRANSIT

See attached

SIDE LETTERS

- Retirement Benefits for current and new employees (See attached)
- Layoff (See attached)
- Supplemental Retiree Benefit Reserve (SRBR) (See attached)

City of San Jose
May 12, 2011

2011 CITY OF SAN JOSE - OE#3**PERIOD OF MEMORANDUM OF AGREEMENT**

Proposed Language:

ARTICLE 1 PERIOD OF MEMORANDUM OF AGREEMENT

This Agreement shall become effective July 1, 2011, except where otherwise provided, and shall remain in effect through June 30, 2012. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

This language is intended to replace the language in Article 1 of the OE#3 Memorandum of Agreement

City of San Jose
May 12, 2011

GURZA000470

2011 CITY OF SAN JOSE – OE#3**CITY PROPOSAL – WAGES****Proposed Language:**

- 5.1 Effective June 26, 2011, all salary ranges for employees holding positions in classifications assigned to OE#3 (Union Code 08/081) shall be decreased by approximately 10%. This will result in the top and bottom of the range of all classifications represented by OE#3 being 10% lower. All employees will receive a 10% base pay reduction.

This language is intended to replace the language in Article 5.1 of the OE#3 Memorandum of Agreement

Note:

The City will "undo" one-time and ongoing additional employee retirement contributions that offset the City's retirement contribution rates and stop "one-time" base rate concessions made in Fiscal Year 2010-2011 effective June 26, 2011.

2011 CITY OF SAN JOSE - OE#3**CITY PROPOSAL HEALTH CARE COST SHARING**

Proposed Language:

- 5.5.1 Effective pay date July 1, 2011, the City pays eighty-five percent (85%) of the cost of the lowest priced plan for the employee or the employee and dependent coverage and the employee pays fifteen percent (15%) of the premium for the lowest priced plan. If the employee selects a plan other than the lowest priced plan, the employee pays the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan.

This language is intended to replace the language in Article 5.5.1 of the OE#3 Memorandum of Agreement

2011 CITY OF SAN JOSE – OE#3**CITY PROPOSAL: HEALTHCARE CO-PAYS****Proposed Language:**

5.5.2 Effective pay date July 1, 2011, a \$25 Co-pay plan shall be implemented for all HMO plans, including the following changes:

- a. Office Visit Co-pay shall be increased to \$25
- b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name
- c. Emergency Room Co-pay shall be increased to \$100
- d. Inpatient/Outpatient procedure Co-pay shall be increased to \$100

This language is intended to replace the language in Article 5.5.2 of the OE#3 Memorandum of Agreement

2011 CITY OF SAN JOSE - OE#3**CITY PROPOSAL - HEALTH AND DENTAL IN LIEU**

Proposed Language:

5.7.1 Effective pay date July 1, 2011, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per pay period:

| | Health in-lieu | Dental in-lieu |
|-------------------------------------|----------------|----------------|
| If eligible for family coverage | \$221.84 | \$19.05 |
| If NOT eligible for family coverage | \$89.09 | \$19.95 |

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

This language is intended to replace the language in Article 5.7.1 of the OE#3 Memorandum of Agreement

2011 CITY OF SAN JOSE - OE#3**CITY PROPOSAL: HEALTHCARE DUAL COVERAGE****Health Insurance Proposed Language:**

5.5.4 An employee may not be simultaneously covered by City-provided medical benefits as a City employee and as a dependent of another City employee or retiree.

This language shall be added as Article 5.5.4 of the OE#3 Memorandum of Agreement

Dental Insurance Proposed Language:

5.6.3 An employee may not be simultaneously covered by City-provided dental benefits as a City employee and as a dependent of another City employee or retiree.

This language shall be added as Article 5.6.3 of the OE#3 Memorandum of Agreement

75812

2011 CITY OF SAN JOSE - OE#3

CITY PROPOSAL: SICK LEAVE PAYOUT

Effective January 1, 2012, no employee shall be eligible for a sick leave payout.

With this proposal, Article 18.2 & 18.3 of the OE#3 Memorandum of Agreement shall be eliminated.

City of San Jose
May 12, 2011

GURZA000476

2011 CITY OF SAN JOSE - OE#3

CITY PROPOSAL - DISABILITY LEAVE SUPPLEMENT**ARTICLE 19 DISABILITY LEAVE**

- 19.1 Disability Leave Supplement (DLS). Disability Leave Supplement (DLS) is the benefit provided pursuant to this Article, which, when added to Worker's Compensation Temporary Disability (WCTD) results in providing employees 85% of their regular base salary.
- 19.2 Eligibility for Disability Leave Supplement. A full-time employee who is required to be absent from work due to a job-related injury or industrial illness and who receives WCTD payments pursuant to Division 1 or Division 4 of the California Labor Code is eligible for DLS, excluding ineligible causes listed in section 19.4. In the event an employee is not eligible for WCTD payments because of the statutory waiting period, DLS shall not be paid for such a waiting period. The employee may use sick leave to cover the waiting period. DLS will also be paid for intermittent absences for medical appointments and physical therapy pursuant to the resolution of grievance #624 (2/15/85).
- 19.3 Eligibility for Disability Leave Supplement Linked to Temporary Disability. If the Worker's Compensation Appeals Board of the State of California or any judicial court should determine that the employee is not entitled to Temporary Disability (WCTD) compensation, the employee shall not be entitled to Disability Leave Supplement (DLS) benefits. Under such circumstances, any DLS monies paid to the employee by the City must be returned to the City within one (1) year.
- 19.4 Ineligible Causes for Disability Leave. An employee shall not be eligible for disability leave, and shall not receive DLS if the injury or illness that causes the absence results from:
- 1) an act of gross negligence of such employee;
 - 2) any work voluntarily undertaken by employee from which the employee has been prohibited from engaging in as determined by a City physician, prior to the date of injury.
- 19.5 Ineligibility If Offer and Decline of Modified Duty. DLS shall not be provided if the City offers the employee employment at identical or similar salary, within the employee's medical limitations, and the employee refuses or fails to accept duty for which the employee is physically qualified.
- 19.6 Maximum Term of Disability Leave Supplement. The employee will receive DLS benefits equal to the amount of money which, when added to the WCTD equals 85% of what the employee would have earned at the position from which the employee is disabled for one of the following time periods, whichever is shortest:
- 1) the time the employee is medically required to be absent due to a work-related injury or illness, after the required three day waiting period;
 - 2) the period of time WCTD is payable to the employee under the Workers' Compensation provisions of Division 1 or Division 4 of the Labor Code of the State of California.
 - 3) Effective June 26, 2011, an employee will be eligible to receive DLS for a maximum of three (3) months (or 520 hours if not continually absent) for any

City of San Jose
May 12, 2011

GURZA000477

2011 CITY OF SAN JOSE -- OE#3

current of future work-related injury or illness. Any employee who has exceeded three (3) months (or 520 hours if not continually absent) as of June 26, will no longer be eligible to receive DLS. Nine (9) calendar months (274 days) or 1560 hours, if not continually absent following date of injury.

- 19.6.1 Time Limit for DLS Eligibility. Effective June 26, 2011, after 520 hours of DLS After 4660 hours of DLS, the employee is entitled to no additional compensation for the injury or illness. No employee shall be eligible for DLS five (5) years after the date of the onset of the injury or illness for which the employee is claiming DLS.
- 19.6.2 Suspension of Disability Leave Supplement. The City may suspend Disability Leave Supplement in lieu of or as part of a disciplinary suspension, demotion or pay reduction. The City shall proceed with due process requirement, unless the employee is non-ambulatory and is determined by a physician to be medically unable to participate. An employee who is unable to participate may send a representative in their absence.
- 19.7 Compensation. Employees who receive WCTD and DLS compensation do not receive their regular salary. DLS as described in this Article is in lieu of regular compensation.
- 19.8 Requirement of Evidence Proving Temporary Disability. The Director of Human Resources or designee is responsible for determining eligibility for DLS. In making this determination, the Director or designee, may require the employee to provide proof of injury or illness, proof that the injury or illness was job related, proof of the disability and how long the injury or illness will last, and proof of other relevant matters as determined by the Director or designee. The Director or designee may require the employee to submit to a medical examination by a physician selected by the City.
- 19.9 Termination of Disability Leave. An employee who is unable to return to full time regular duty following the expiration of any and all leave provided in this article and the integration of Sick Leave, accrued vacation, and compensatory time off with Workers' Compensation provided for in Article 16.1.2.3 may be considered to have voluntarily separated from employment.
- 19.10 Integration. After the maximum time limit specified in Article 19.6, the integration of an employee's available leave will occur in the following order: (1) accrued Vacation hours, (2) earned Compensatory Time once Vacation has been exhausted, and (3) accrued Sick Leave once Vacation and Compensatory Time have both been exhausted.
- * In no event shall an employee receive an amount, including any Workers' Compensation Temporary Disability payments, in excess of the employee's regular base salary.

2011 CITY OF SAN JOSE -- OE#3

CITY PROPOSAL: SALARY STEP STRUCTURE**Proposed Language:**

5.1.1 Salary Steps. Effective June 28, 2011, the salary steps for all classifications represented by OE#3 will change from approximately 5% between each step to approximately 2.5%. This will result in an increase in the number of steps in the pay range.

This language is intended to be added to Article 5.1 in the OE#3 Memorandum of Agreement

2011 CITY OF SAN JOSE - OE#3**CITY PROPOSAL - OVERTIME CALCULATION****Proposed Language:**

- 6.6** Hours assigned and worked in excess of forty (40) hours per week shall be compensated by overtime pay or compensatory time at 1.5 times the hourly rate for the number of overtime hours worked. Paid time off shall not be considered time worked for the purpose of calculating eligibility for overtime.
- 6.6.1** Notwithstanding 6.6 above, any full-time employee who works in excess of twelve (12) continuous hours shall receive two times the base hourly rate for all hours worked in excess of twelve (12) continuous hours. Notwithstanding 6.1, to be eligible for double time, paid absences shall not count towards determining eligibility for overtime at the 2.0 rate.
- 6.6.2** Double Backs. All double-backs (two non-consecutive shifts of at least eight (8) hours each within a 24-hour period) at the Water Pollution Control Plant will be compensated by a four hour premium (recorded as 1.0 OOT). This provision applies only to employees who work in a twenty-four (24) hour operation at the Water Pollution Control Plant and excludes employees who voluntarily shift trade, but includes relief personnel and shift changes.

This language is intended to replace the language in Articles 6.6, 6.6.1, & 6.6.2 of the OE#3 Memorandum of Agreement.

With this proposal, Article 6.11 shall be eliminated

2011 CITY OF SAN JOSE – OE#3

PUBLIC TRANSIT SUBSIDY (ECO-PASS AND SUBSIDIZED COMMUTER CHECK VOUCHER PROGRAM)

ECO-Pass

After calendar year 2011, the City will no longer provide employees an ECO-Pass. This means that any employee in possession of a 2011 ECO-Pass provided by the City may continue its use through calendar year 2011. Beginning calendar year 2012, the City will cease providing an ECO-Pass.

Commuter Check Program

Upon exhaustion of the current supply of Commuter Check Vouchers, the Vouchers will no longer be available to employees for purchase from the City. This means that the subsidized Commuter Check Voucher Program is eliminated after the current supply of Commuter Check Vouchers are exhausted.

City of San Jose
May 12, 2011

GURZA000481

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE#3)

RETIREMENT REFORM

The City and the International Union of Operating Engineers, Local No. 3 (OE#3) agree to continue meeting and conferring on pension and retiree healthcare benefits for current and future employees, including but not limited to healthcare benefits. The negotiations may include modification of healthcare (medical and dental) plans available to current employees, including but not limited to plan design.

Either the City or OE#3 may provide notice to the other of its request to continue to meet and confer. Upon such notice, the parties shall continue these negotiations within ten (10) calendar days after the City or OE#3 receives notice from the other. The City and OE#3 shall continue to meet and confer in good faith in an effort to reach a mutual agreement.

If the parties are at impasse and no agreement is reached, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39387. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. In such event, neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor agreement between the City and OE#3.

FOR THE CITY:

FOR OE#3:

Jennifer Schembri
Office of Employee Relations

Date

Bill Pope
International Union of Operating
Engineers, Local No. 3 (OE#3)

Date

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE#3)

LAYOFF

The City and the International Union of Operating Engineers, Local No. 3 (OE#3) may provide notice to the other of its request to meet and confer on modifications to the City's layoff process and procedure, including the provisions of the Layoff article in the Memorandum of Agreement. Upon such notice, the parties shall meet within ten (10) calendar days after the City or OE#3 receives notice from the other. The City and OE#3 shall meet and confer in good faith in an effort to reach a mutual agreement.

If the parties are at impasse and no agreement is reached, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

FOR OE#3:

Jennifer Schembri
Office of Employee Relations

Date

Bill Pope
International Union of Operating
Engineers, Local No. 3 (OE#3)

Date

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE#3)

SUPPLEMENTAL RETIREE BENEFIT RESERVE (SRBR)

The City and the International Union of Operating Engineers, Local No. 3 (OE#3) agree to discuss the Supplemental Retiree Benefit Reserve (SRBR) program in the Federated City Employees' Retirement System.

Either the City or OE#3 may provide notice to the other of its request to discuss the SRBR program. Upon such notice, the parties shall continue these discussions within ten (10) calendar days after the City or OE#3 receives notice from the other.

To the extent that any change to the SRBR program is a mandatory subject of bargaining, the City and OE#3 shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached on those issues that are a mandatory subject of bargaining, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. In such event, neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

FOR OE#3:

Jennifer Schembri
Office of Employee Relations

Date

Bill Pope
International Union of Operating
Engineers, Local No. 3 (OE#3)

Date

EXHIBIT 27

RESOLUTION NO 74525

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING AN AGREEMENT BETWEEN THE CITY OF SAN
JOSE AND THE MUNICIPAL EMPLOYEES' FEDERATION,
(MEF) AFSCME LOCAL NO. 101, AFL-CIO WITH A TERM OF
JULY 1, 2008 TO JUNE 30, 2011**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the Agreement between the City of San José and the Municipal Employees' Federation, (MEF) AFSCME Local No. 101, AFL-CIO with a term of July 1, 2008 to June 30, 2011, is hereby approved. The City Manager and the Director of Employee Relations are hereby authorized to execute the Agreement on behalf of the City.
2. The general terms of the Agreement are set out and described in the Memorandum to the Mayor and City Council dated July 15, 2008, from the Director of Employee Relations and attached as Attachment A and incorporated in this Resolution.


ADOPTED this 5th day of August, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE,
LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS,
REED.

NOES: NONE.

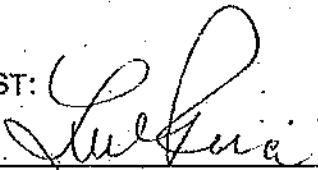
ABSENT: NONE.

DISQUALIFIED: NONE.



CHUCK REED
Mayor

ATTEST:



LEE PRICE, MMC
City Clerk

74525

COUNCIL AGENDA: 08-05-08
ITEM:



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: July 15, 2008

Approved

Christine J. Shupry

Date

7-17-08

SUBJECT: AGREEMENT WITH THE MUNICIPAL EMPLOYEES' FEDERATION, (MEF)
AFSCME LOCAL NO. 101, AFL-CIO

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

Adoption of a resolution approving the terms of a Memorandum of Agreement with the Municipal Employees' Federation (MEF) AFSCME Local No. 101, AFL-CIO, and authorizing the City Manager to execute the agreement with a term of July 1, 2008 – June 30, 2011.

OUTCOME

Adoption of the resolution and authorization to execute the successor agreement would implement a collective bargaining unit agreement between the City and MEF.

BACKGROUND

The City of San Jose has a labor agreement with the bargaining unit, MEF. MEF represents approximately 2437 full-time positions.

The prior agreement expired on June 30, 2008. A complete copy of the prior agreement can be found at http://www.sanjoseca.gov/employeerelations/moas/moa_mef.pdf

On June 30, 2008, the City and MEF reached a Tentative Agreement on a three-year contract. The Tentative Agreement for the new agreement was ratified by the MEF membership on July 10, 2008.

ANALYSIS

The following is a summary of the Tentative Agreement between the City of San Jose and MEF:

Term

July 1, 2008 to June 30, 2011

74525

Wages

- 3.75% general wage increase effective June 29, 2008.
- 1.50% general wage increase effective June 28, 2009.
- 2.00% general wage increase effective June 27, 2010:

In addition to the general wage increase each year, employees who are not already at top step are eligible to receive a 5.00% step increase during each fiscal year until the employee reaches top step.

Special Adjustments

The following classifications will receive special adjustments effective June 29, 2008:

- Crime Data Specialists- 5%
- Senior Crime Data Specialists- 5%
- Buyer- 2%
- Senior Buyer- 2%
- Survey Field Supervisor- 2%
- School Safety Coordinators- 2%

Adjust Contract Compliance Specialist classification pay range to be equivalent to Analyst II pay range effective June 29, 2008. This will result in a special wage adjustment of approximately 0.18%.

Health Insurance Premium

Currently, the City pays 90% of the cost of the lowest priced plan and the employee pays the remaining 10% of the premium for the lowest priced plan up to a maximum of \$150 per month. Effective payroll calendar year 2009, employees' contribution for the lowest-priced medical insurance plan will be 10% of the premium with no cap.

Health Insurance Co-Pays

Effective January 1, 2009, co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay: \$10
- b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- c. Emergency Room Co-pay: \$50

This will result in Kaiser Office Visit Co-pays being increased from \$0 to \$10 and Blue Shield HMO Office Co-pays being increased from \$5 to \$10. In addition, Kaiser's Emergency Room Co-pay will increase from \$0 to \$50.

Retiree Healthcare

The new contract includes a provision that allows the City to notify the union of its desire to reopen negotiations regarding retiree healthcare benefits during the term of the new contract.

HONORABLE MAYOR AND CITY COUNCIL
 July 15, 2008
 Subject: Agreement with MEF
 Page 3 of 4

Personal Leave

Effective the first pay period of payroll calendar year 2009, part-time employees will receive four (4) additional hours of personal leave per year for a total of twelve (12) personal leave hours per year.

Education Reimbursement

Currently, full-time employees are eligible to receive Education Reimbursement for eligible expenses incurred up to \$1000.00 per fiscal year. Of the \$1000.00 amount, up to \$300.00 may be used for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

Currently, part-time benefited employees are eligible for a prorated amount of the \$1000.00 for eligible expenses, which do not include reimbursement for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

The new contract includes the addition of language providing part-time employees a pro-rated education reimbursement with a maximum of \$225.00 per fiscal year to be used for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

Disciplinary Appeals

The new contract will contain the language proposed by the City that clarifies that disciplinary actions are not subject to the grievance procedure of the Agreement. Further, the contract will clarify that the appeal process for any disciplinary action shall be only the appeal process which is described in the San Jose Municipal Code and City Policy Manual, section regarding discipline. The Municipal Code and the City's Discipline Policy provide for appeals of formal discipline to the Civil Service Commission.

EVALUATION AND FOLLOW-UP

The new contract includes a provision that allows the City to notify the union of its desire to reopen negotiations regarding retiree healthcare benefits. Changes to retiree healthcare for employees represented by MEF, if any, will be brought forward to the City Council as a separate item.

74525

HONORABLE MAYOR AND CITY COUNCIL
July 16, 2008
Subject: Agreement with MEF
Page 4 of 4

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the August 5, 2008 Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

The ongoing increased annual direct cost of the MEF agreement is approximately \$6,852,518 in the first year, approximately \$3,168,676 in the second year and approximately \$4,288,275 in the third year. These costs do not include the currently unknown cost increases for healthcare for active employees, the indirect cost of the increase in personal leave for part-time benefited employees, increased retirement contributions, and retiree healthcare costs that will be incurred during the term of this contract.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Memorandum of Agreement

City of San José

and

**Municipal Employees' Federation (MEF)
AFSCME Local No. 101
AFL-CIO**



July 1, 2008 – June 30, 2011

MUNICIPAL EMPLOYEES' FEDERATION

2008-2011 MEMORANDUM OF AGREEMENT

TABLE OF CONTENTS

| | | |
|------------|--|----|
| ARTICLE 1 | PURPOSE..... | 1 |
| ARTICLE 2 | PERIOD OF MEMORANDUM OF AGREEMENT..... | 1 |
| ARTICLE 3 | AGREEMENT CONDITIONS..... | 1 |
| 3.1 | FULL UNDERSTANDING, MODIFICATION AND WAIVER..... | 1 |
| 3.2 | SEPARABILITY..... | 2 |
| 3.3 | CONCERTED ACTIVITY..... | 2 |
| 3.4 | NON-DISCRIMINATION..... | 3 |
| ARTICLE 4 | RECOGNITION..... | 3 |
| ARTICLE 5 | MANAGEMENT RIGHTS..... | 3 |
| ARTICLE 6 | UNION RIGHTS..... | 4 |
| 6.1 | AUTHORIZED REPRESENTATIVES..... | 4 |
| 6.2 | RELEASE TIME..... | 4 |
| 6.3 | MAINTENANCE OF MEMBERSHIP..... | 6 |
| 6.4 | AGENCY FEE..... | 7 |
| 6.5 | DUES DEDUCTION..... | 9 |
| 6.6 | BULLETIN BOARD..... | 10 |
| 6.7 | ADVANCE NOTICE..... | 10 |
| 6.8 | NEW EMPLOYEE ORIENTATION..... | 11 |
| 6.9 | EMPLOYEE LISTS..... | 11 |
| ARTICLE 7 | HOURS OF WORK AND OVERTIME..... | 11 |
| 7.7 | REST PERIODS..... | 12 |
| 7.9 | PART-TIME EMPLOYEES..... | 12 |
| 7.10 | REDUCED WORKWEEK..... | 13 |
| 7.11 | ALTERNATIVE WORK SCHEDULE..... | 13 |
| 7.12 | OVERTIME AND COMPENSATORY TIME..... | 14 |
| ARTICLE 8 | SHIFT BIDDING..... | 15 |
| 8.3 | COMMUNICATIONS EMPLOYEES' SHIFT ASSIGNMENTS..... | 16 |
| 8.4 | DENIAL OF SHIFT BID..... | 16 |
| ARTICLE 9 | SENIORITY FOR SHIFT BIDDING AND SCHEDULING LEAVE PURPOSES..... | 16 |
| ARTICLE 10 | LEAVES..... | 17 |
| 10.1 | HOLIDAYS..... | 17 |
| 10.1.8 | REDUCED WORKWEEK HOLIDAY BENEFITS..... | 18 |
| 10.1.9 | ALTERNATIVE WORK SCHEDULE HOLIDAY BENEFITS..... | 18 |
| 10.1.10 | PART-TIME EMPLOYEES HOLIDAY BENEFITS..... | 19 |
| 10.1.11 | LIBRARY HOLIDAY SCHEDULE..... | 20 |
| 10.2 | VACATION AND PERSONAL LEAVE..... | 20 |
| 10.2.4 | ELIBILITY PART-TIME EMPLOYEES VACATION..... | 21 |
| 10.2.13 | PERSONAL LEAVE..... | 22 |
| 10.3 | SICK LEAVE..... | 22 |
| 10.4 | DISABILITY LEAVE..... | 26 |
| 10.5 | BEREAVEMENT LEAVE..... | 27 |
| 10.6 | JURY DUTY..... | 29 |
| 10.7 | WITNESS LEAVE..... | 30 |
| 10.8 | OTHER LEAVES OF ABSENCE..... | 30 |
| ARTICLE 11 | LAYOFF..... | 31 |

| | |
|--|-----------|
| ARTICLE 12 WAGES AND SPECIAL PAY | 34 |
| 12.1 WAGES 2008-2009 | 34 |
| 12.2 WAGES 2009-2010 | 34 |
| 12.3 WAGES 2010-2011 | 35 |
| 12.4 WAGES FOR PART-TIME EMPLOYEES | 35 |
| 12.5 SHIFT DIFFERENTIAL | 35 |
| 12.6 BILINGUAL PAY | 35 |
| 12.7 WORKING IN A HIGHER CLASSIFICATION | 36 |
| 12.8 CALL BACK | 36 |
| 12.9 STANDBY PAY | 36 |
| 12.10 VEHICLES AND MILEAGE REIMBURSEMENT | 37 |
| 12.11 UNIFORM ALLOWANCE | 37 |
| 12.12 PROTECTIVE FOOTWEAR | 38 |
| 12.13 MEAL ALLOWANCE | 38 |
| 12.14 SAFETY EQUIPMENT | 38 |
| 12.15 NOTARY SERVICES | 38 |
| 12.16 COMMUNICATIONS DISPATCHER TRAINING PAY | 39 |
| 12.17 POLICE DATA SPECIALIST TRAINING PAY | 39 |
| 12.18 PROFESSIONAL ACHIEVEMENT INCENTIVE FOR PLANNER CLASSIFICATIONS | 39 |
| ARTICLE 13 BENEFITS | 39 |
| 13.1 HEALTH INSURANCE | 39 |
| 13.2 DENTAL INSURANCE | 40 |
| 13.3 PAYMENT-IN-LIEU OF HEALTH AND DENTAL INSURANCE | 40 |
| 13.4 PART-TIME EMPLOYEES – HEALTH AND DENTAL INSURANCE BENEFITS | 41 |
| 13.5 LIFE INSURANCE | 41 |
| 13.6 EMPLOYEE ASSISTANCE PROGRAM | 41 |
| 13.7 SUBSTANCE ABUSE PROGRAM | 42 |
| 13.8 DEPENDENT CARE ASSISTANCE PROGRAM | 42 |
| 13.9 LEGAL SERVICE | 42 |
| 13.10 EDUCATIONAL AND PROFESSIONAL INCENTIVES | 43 |
| ARTICLE 14 RETIREMENT | 44 |
| ARTICLE 15 SAFETY | 45 |
| ARTICLE 16 PROBATIONARY PERIODS | 46 |
| ARTICLE 17 ANNUAL PERFORMANCE EVALUATION | 46 |
| ARTICLE 18 DISCIPLINARY ACTION | 47 |
| 18.4 POLICE DEPARTMENT EMPLOYEES | 48 |
| ARTICLE 19 PERSONNEL FILES | 48 |
| ARTICLE 20 GRIEVANCE PROCEDURE | 48 |
| 20.3 STEP I | 49 |
| 20.4 STEP II | 49 |
| 20.5 STEP III | 50 |
| 20.6 STEP IV - ARBITRATION | 50 |
| 20.8 DEPARTMENT LABOR MANAGEMENT COMMITTEES | 52 |
| 20.9 CITY-WIDE LABOR MANAGEMENT COMMITTEE | 52 |
| ARTICLE 21 HUMAN RESOURCES POOL ASSIGNMENTS | 53 |
| ARTICLE 22 DEFINITION OF THE MARKET | 53 |
| SIGNATURE PAGE | 54 |
| EXHIBIT I 2008, 2009 AND 2010 WAGES FOR UNIT 051/05 | 55 |

| | | |
|--------------------|--|-----------|
| EXHIBIT II | 2008, 2009 AND 2010 WAGES FOR UNIT 052/07 | 50 |
| EXHIBIT III | PROCESS FOR LAYOFF DISPUTE RESOLUTIONS..... | 62 |

- 11.8.1.1 Departments shall make available a written explanation of the factors and methods applied to determine displacements for their department and a written explanation to an affected employee upon request.
- 11.8.1.2 Employees impacted by the displacements may appeal the decision to the Director of Human Resources. The written response of the Director shall be final and binding.
- 11.8.1.3 Any employees displaced by layoffs may elect to be placed in the part-time employee rehire pool and if selected for rehire in their former classification may return through the non-competitive process.

ARTICLE 12 WAGES AND SPECIAL PAY

12.1 Wages 2008-2009. Effective June 29, 2008, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/05 and 052/07) shall be increased by approximately 3.75%. The 2008-2009 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 27, 2009.

12.1.1 Employees in the following classifications will receive a 5.0% special market adjustment for a total of a 8.75% increase including the 3.75% general wage increase effective June 29, 2008:

- 1187 Crime and Intelligence Analyst
- 1188 Crime and Intelligence Analyst (PT)
- 1186 Senior Crime and Intelligence Analyst

12.1.2 Employees in the following classifications will receive a 2.0% special market adjustment for a total of a 5.75% increase including the 3.75% general wage increase June 29, 2008:

- 1547 Buyer I
- 1542 Buyer II
- 1543 Senior Buyer
- 3782 Survey Field Supervisor
- 2443 Supervising School Crossing Guard

12.1.3 Employees in the following classification will receive a .17% special market adjustment for a total of a 3.92% increase including the 3.75% general wage increase effective June 29, 2008:

- 1618 Contract Compliance Specialist

12.2 Wages 2009-2010. Effective June 28, 2009, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/05 and 052/07) shall be increased by approximately 1.50%. The 2009-2010 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 26, 2010.

- 12.3 Wages 2010-2011. Effective June 27, 2010, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/05 and 052/07) shall be increased by approximately 2.0%. The 2010-2011 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 30, 2011.
- 12.4 Wages for part-time employees. Employees assigned to part-time classifications shall be paid an hourly rate equivalent to the hourly rate for the same full-time classifications.
- 12.5 Shift Differential.
- 12.5.1 A swing shift differential of one dollar and fifty cents (\$1.50) an hour shall be paid to employees for each regularly scheduled hour worked after 2:00 p.m. if at least four (4) hours of a regularly assigned schedule of continuous work hours are worked after 5:00 p.m.
- 12.5.2 A night shift differential of one dollar and seventy-five cents (\$1.75) per hour shall be paid to employees for each regularly scheduled hour worked after 11:00 p.m. and prior to 8:00 a.m. if at least four (4) hours of a regularly assigned schedule of continuous work hours are worked after 11:00 p.m. and before 8:00 a.m.
- 12.5.3 Shift differential shall be paid to an employee for the hours worked when assigned to cover another employee's temporary absence and when the absent employee would have otherwise qualified for shift differential as defined above.
- 12.5.4 Paid leave time does not qualify for payment of shift differential except when an employee uses a minimum of forty (40) consecutive hours of vacation, compensatory time or personal leave. The employee will continue to be paid shift differential as though they had worked their assigned shift during the period of vacation. City observed holiday hours may be credited towards meeting the forty (40) consecutive vacation hours requirement, however, holiday leave hours do not qualify for payment of shift differential.
- 12.5.5 Except as otherwise required by State or Federal law, shift differential pay shall not be included as regular compensation in computing other benefits.
- 12.6 Bilingual Pay – FT/PT. Eligible Employee. An employee must meet at least one of the following eligibility requirements and must be certified as bilingual for oral communication, written translation or sign language duties according to the current established procedure. Before changing the current procedure, the City agrees to discuss any proposed change with the Union.
1. The employee is currently assigned to a position selectively certified based on bilingual ability by the Director of Human Resources, or designee; or
 2. The duties currently assigned/currently being performed by an employee have been designated by the Department Director or designee as requiring utilization of a non-English language on a regular basis.
- 12.6.1 Each full-time employee who meets the above eligibility requirements shall be compensated for performing oral communication or sign language duties at the rate of twenty-nine dollars (\$29) per biweekly pay period or for performing written and oral translation duties at the rate of forty dollars (\$40) per biweekly pay period for each pay period actually worked.
- 12.6.2 Each part-time benefited employee who meets the above eligibility requirements shall be compensated for performing oral communication or sign

language duties at the rate of nineteen dollars (\$19) per biweekly pay period or for performing written and oral translation duties at the rate of thirty dollars (\$30) per biweekly pay period for each pay period actually worked.

- 12.6.3 Each part-time unbenefited employee who meets the above eligibility requirements shall be compensated for performing oral communication, sign language duties, or performing oral translation duties at the rate of fifteen cents (\$.15) per hour.
 - 12.6.4 If an eligible employee is on paid leave for a period of one (1) full pay period or more, the employee will not receive bilingual pay for that period.
 - 12.6.5 If an employee is denied bilingual pay under the requirements set forth in this article, the employee may appeal in writing to the Department Director, or designee, for reconsideration. If the employee is dissatisfied with the decision of the Department Director, or designee, the employee may apply in writing for reconsideration with the Director of Human Resources. The written decision of the Director of Human Resources shall be final, with no process for further appeal.
- 12.7 Working in a Higher Classification. Upon specific assignment by the Department Director, or designee, with prior written approval, a full-time or part-time employee may be required to perform the duties of a full-time or benefited part-time position in a higher classification. Such assignments may be made to existing authorized positions which are not actively occupied due to the temporary absence of the regularly appointed employee or a vacant position. Assignments to a higher classification due to a vacancy shall not exceed six (6) months.
- 12.7.1 Employees specifically assigned to duties of a higher classification shall be compensated at the rate in the salary range of the higher class which is at least one salary rate (step) higher in the salary range schedule than the rate received by the employee in the employee's present class. The employee shall not receive any compensation, however, unless the assignment is for a minimum of twenty-four (24) cumulative work hours within one pay period and a minimum of four (4) consecutive work hours within each work day. In the event the assignment is for a minimum of twenty-four (24) cumulative work hours within one (1) pay period and a minimum of four (4) consecutive work hours within one (1) work day, the employee shall be compensated at the appropriate rate for all the eligible hours worked in the higher class within the pay period.
- 12.8 Call Back. An employee who is called back to work in response to an emergency or other unforeseen circumstance shall be credited for the time worked, or for three (3) hours, whichever is greater, at the appropriate rate. This section shall apply on either a workday after the employee has departed from their place of employment or on a day off. It shall not apply to scheduled overtime or during a regular shift.
- 12.9 Standby Pay. Employees who are required to perform standby duty shall be credited with one hour compensation at the appropriate rate for each eight (8) hour shift or portion thereof the employee performs standby duty. In the event the employee is called back to work, the employee shall be entitled to the compensation provided by Section 12.8 above, in lieu of the one hour of standby compensation for that eight (8) hour shift.

12.10 Vehicles and Mileage Reimbursement

12.10.1 Use of City and Private Vehicles. The City and the Union agree that the use of a vehicle is essential to performing the duties of some jobs. Therefore, the Union recognizes the City's right to require employees to use their own vehicles when no City vehicle is available, and/or to use City vehicles when available.

12.10.2 Mileage Reimbursement. Each employee of the City authorized or required by the City Manager or designee to use the employee's private automobile in the performance of the duties of the employee's position, shall be entitled to receive and shall be paid as a travel allowance for such use of their private automobile a "mileage reimbursement rate" consistent with the City's rate. The City will review the rate annually.

12.10.3 Auto Liability Insurance. No employee shall be required, as a condition of employment, or continued employment, to maintain automobile liability insurance in excess of the minimum required by the State of California.

12.11 Uniform Allowance. An annual Uniform Allowance not to exceed five-hundred dollars (\$500) shall be paid to eligible employees regularly assigned to the classifications listed below, provided that such eligible employees are required, in the performance of the assigned duties of such classifications, to wear an approved uniform.

- 1181 Police Data Specialist I
- 1182 Police Data Specialist I (PT)
- 1183 Police Data Specialist II
- 1184 Police Data Specialist II (PT)
- 1185 Police Data Specialist Supervisor
- 2416 Senior Security Officer
- 2431 Security Officer
- 2432 Security Officer (PT)
- 2441 School Crossing Guard (PT)
- 2443 School Crossing Guard Coordinator
- 8026 Supervising Police Data Specialist
- 8512 Supervising Public Safety Dispatcher
- 8513 Senior Public Safety Dispatcher
- 8533 Senior Public Safety Dispatcher (PT)
- 8514 Public Safety Radio Dispatcher
- 8515 Public Safety Communication Specialist
- 8534 Public Safety Radio Dispatcher (PT)
- 8535 Public Safety Communication Specialist (PT)
- 3252 Animal Services Officer
- 3251 Senior Animal Services Officer

- 12.11.1 The City will provide School Crossing Guards with the initial jacket and patches at no cost to the employee.
- 12.11.2 Employees in the classifications of: 1181 Police Data Specialist I, 1182 Police Data Specialist I (PT), 1183 Police Data Specialist II, 1184 Police Data Specialist II (PT), and 1185 Police Data Specialist Supervisor hired or promoted on or after January 1, 1995, are required to wear an approved uniform. Employees in said classes hired prior to January 1, 1995, are not required to wear a uniform, however, once an employee chooses to wear a uniform, an employee may not revert to non-uniformed status.
- 12.11.3 In the event an eligible full-time employee assigned to a forty (40) hour week is paid for less than 1,040 hours during the twenty-six (26) full pay periods immediately preceding December 31st, such employee shall be paid that proportion of the allowance which the total number of hours for which the employee was paid in the above period bears to 1,040.
- 12.11.4 Eligible part-time employees shall receive that proportion of the \$500 uniform allowance which the total number of hours paid during the twenty-six (26) full pay periods immediately preceding December 31st bears to 2,000; except that employees in the classification of School Crossing Guard (part-time) shall receive that proportion of the \$500 which the total number of hours paid during the twenty-six (26) full pay periods immediately preceding December 31 bears to 600.
- 12.11.5 The Uniform Allowance referenced above, or pro-rata portion of such allowance, shall be paid in January of each year during the term of this agreement.
- 12.12 Protective Footwear. The City agrees to provide a voucher for the purchase of protective footwear for up to \$95.00, for full time employees in the classification of Animal Care Attendant when it is determined by the Director of Human Resources, or designee, that protective footwear is required. The selected footwear must meet Federal OSHA regulations for protective footwear as well as be waterproof, breathable, and have a non-skid sole. The City will replace protective footwear as needed, but no more than once per calendar year. An individual may select an approved style that is more expensive than the City maximum by paying the difference. Employees shall be allowed to obtain a voucher from any vendor(s) authorized by the City.
- 12.13 Meal Allowance. In the event an employee is assigned to work 16 or more consecutive hours, the City, at its option, will either provide the employee ten dollars (\$10) as a meal allowance or provide a meal to the employee.
- 12.14 Safety Equipment. Employees in the classification of Security Officer (2431), Security Officer (PT) (2432) or Sr. Security Officer (2416) and who are required, while on duty, to wear the following, shall be provided each of said items: baton, baton holder, gun-belt cartridge case, flashlight (3-cell), handcuffs, handcuff case, rainwear including raincoat, rain pants and hat cover. Such items shall remain property of the City and shall be returned to the City upon termination of the employee.
- 12.15 Notary Services. Employees commissioned by the Secretary of State for the State of California to perform notary services and who are directed to perform notary services on behalf of the City of San José, shall be compensated at the rate of twenty-five dollars (\$25) for each bi-weekly pay period in which the employee performs notary services.

- 12.16 Communications Dispatcher Training Pay. Public Safety Communication Specialists or Public Safety Radio Dispatchers shall be eligible for additional pay equal to one (1) step for each hour the employee is assigned and is actually engaged in one-on-one training of a Dispatcher trainee.
- 12.17 Police Data Specialist Training Pay. Police Data Specialists shall be eligible for additional pay equal to one step for each hour the employee is assigned and is actually engaged in one-on-one training of a Data Specialist trainee.
- 12.18 Professional Achievement Incentive for Planner Classifications. Employees shall receive a professional achievement incentive of 1% (paid biweekly) in addition to their base wages as follows:
- 12.18.1 Employees are eligible for one (1) professional achievement incentive for certification through the American Institute of Certified Planners (AICP). The professional achievement incentive is subject to approval by Department Director or designee.
- 12.18.2 Eligible classifications are Planner I, Planner II and Senior Planner.
- 12.18.3 Incentives are payable effective the first pay period following receipt of the approved form and certificate by Finance/Payroll.

ARTICLE 13 BENEFITS

- 13.1 Health Insurance. Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.
- 13.1.1 The City shall pay ninety percent (90%) of the full premium cost of the lowest priced plan for employee or employee and dependent coverage, and the employee will pay ten percent (10%) of the premium for the lowest priced plan up to a maximum of one-hundred and fifty dollars (\$150) per month. If the employee's ten percent (10%) contribution for the lowest priced plan exceeds one-hundred and fifty dollars (\$150) per month the City shall pay the difference. If an employee selects a plan other than the lowest priced plan, any additional amount required for the premium of any other plan beyond the cost of the lowest priced plan shall be paid for by the employee.
- 13.1.2 Effective at the beginning of pay period one (1) of payroll calendar year 2009, the City shall pay ninety percent (90%) of the full premium cost of the lowest priced plan for employee or for employee and dependent coverage, and the employee will pay ten percent (10%) of the premium for the lowest priced plan for the employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.
- 13.1.3 Effective January 1, 2009, co-pays for all available HMO plans shall be as follows:
- a. Office Visit Co-pay shall be increased to \$10
- b. Prescription Co-pay shall be increased to \$5 for generic and \$10 for brand name. (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)

c. Emergency Room Co-pay shall be increased to \$50

- 13.2 Dental Insurance. The City will provide dental coverage for eligible full-time employees and their dependents. As of the date of this agreement the plans include an indemnity plan and a DHMO plan. These plans are described in the City of San Jose Employee Benefits Handbook. A copy of this document shall be available upon request in the Human Resources Department.

The City will provide dental coverage in the lowest priced plan for eligible full time employees and their dependents. If an employee selects a plan other than the lowest priced plan, the City will pay ninety-five (95%) of the full premium cost for the selected dental coverage for eligible full time employees and their dependents and the employee shall pay five percent (5%) of the full premium cost for the selected plan.

- 13.2.1 Each eligible, full-time employee and dependents shall receive annual maximum coverage of \$1500.00 in the Delta Dental Plan

- 13.2.2 Each eligible, full-time employee and dependents shall receive a lifetime maximum of \$2,000.00 Orthodontia coverage in the Delta Dental Plan.

- 13.2.3 Retirees who meet the eligibility requirements defined in Ordinance No. 22261 amending Sections 3.24, Part 24, and 3.28, Part 17, Title 3 of the San José Municipal Code are entitled to dental insurance coverage as a benefit of the Federated Retirement System.

- 13.2.4 The City will use actual rather than blended premium.

- 13.3 Payment-in-Lieu of Health and Dental Insurance. The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

- 13.3.1 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty percent (50%) of the City's contribution toward their health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.

- 13.3.2 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

- 13.3.3 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event as defined in the Human Resources Benefits Handbook, occurring anytime during the year. Employees who miss the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

- 13.10.1 Part-Time Benefited Employees—Educational and Professional Incentives. The City will reimburse each eligible benefited employee one-hundred percent (100%) of expenses incurred, up to the maximum amounts per fiscal year listed below. Eligible expenses shall be limited to registration, tuition, fees and textbooks for college accredited courses which are either related to or beneficial for the employee's current position or related to or beneficial for a lateral transfer, promotion or other career opportunity within the City service as approved by the Department Director or designee. Of the eligible amount indicated in the chart below, a prorated amount may be used for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates which are either related to or beneficial for the employee's current position or related to or beneficial for a lateral transfer, promotion or other career opportunity within the City service, as approved by the Department Director or designee. City Policy Manual Section Education Reimbursement outlines additional details of the program. The maximum amounts for eligible benefited employees are based on the employee's established benefit category as follows:

| Regularly Scheduled Hours Per Week | Maximum Reimbursement for Part-Time Benefited Employees | Maximum Reimbursement for Part-Time Benefited Employees for non-college accredited courses and others as listed above. |
|------------------------------------|---|--|
| 30-34 hours | \$750.00 | \$225.00 |
| 25-29 hours | \$625.00 | \$190.00 |
| 20-24 hours | \$500.00 | \$150.00 |

- 13.10.2 If an employee is denied educational and professional incentives under the requirements set forth in Section 13.10 and 13.10.1 above, the employee may appeal in writing to the Department Director, or designee, for reconsideration. If the employee is dissatisfied with the decision of the Department Director, or designee, the employee may apply in writing for reconsideration with the Director of Human Resources, or designee. The written decision of the Director of Human Resources, or designee shall be final, with no process for further appeal.

- 13.11 Vision Care. The City will contribute towards vision care for eligible full-time employees up to sixteen dollars (\$16) per month (\$8.00 for 24 biweekly pay periods) or the cost of the premium, whichever is less, for coverage under a vision plan sponsored by the City. The employee shall pay the difference between the City contribution and the total premium of the vision care plan selected by the employee.

ARTICLE 14 RETIREMENT

- 14.1 Current retirement benefits will continue during the term of this Agreement, except as described herein, and shall be set forth in the Municipal Code.

- 14.1.1 Administrative costs of the Federated Retirement System, including staff salaries and indirect costs, are to be paid from the retirement fund. Costs to the fund for salaries and indirect costs shall not exceed 0.07% of assets in the fund per year.

- 14.2 Individual Retirement Account for Employees Not Covered by City Retirement Plan. All employees in the bargaining unit who are not covered by a city retirement system shall participate in a qualified individual retirement account, such as an Internal Revenue Code Section 457 plan, in lieu of Social Security when such individual account is established and implemented by the City. Such participation shall be in accordance with the plan's requirements and with federal Social Security legislation.
- 14.2.1 An amount of 3.75% from both the City and such employee in the bargaining unit shall be contributed to such plan. Withholding of 3.75% from both the City and such employees shall begin on June 26, 1991. Contributions shall be placed into an interest-bearing escrow account until the final federal Social Security regulations are issued and an IRS 457 plan is established pursuant to such regulations. Upon establishment of such IRS plan, all contributions and earnings in the plan shall be one-hundred percent (100%) vested with the employee. If the employee leaves the City after June 26, 1991 but before the IRS 457 plan is established, the employee is entitled to both City and Employee contributions, to be paid once an IRS 457 plan is established.
- 14.2.2 Monthly administrative cost of processing 457 Plan contributions shall be split equally between the City of San José and the employee.
- 14.2.3 Contributions to the IRS 457 plan shall continue as long as the federal Social Security legislation qualifies an IRS 457 Plan as an allowable alternative to Social Security. In no event shall the City contribute to both an IRS 457 Plan and Social Security for employees affected by this Agreement.
- 14.3 Retirement – Public Safety Dispatchers Class Series. Only City service shall be credited toward retirement under the Federated City Employees' Retirement System (FCERS) and eligibility for retiree medical insurance.
- 14.3.1 Retirement benefits defined in the Municipal Code are guaranteed and shall include vesting after two years of service for employees who are hired at age fifty (50) or older and the right to buy back prior City service credit for employees who had \$500.00 or more in contributions to FCERS.
- 14.3.2 After an employee has completed one (1) year of full-time service the employee shall be eligible to go to part-time status without loss of participation in the FCERS.

ARTICLE 15 SAFETY

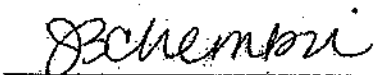
- 15.1 The City shall provide a safe and healthy working environment in accordance with applicable State and Federal laws and regulations. The Union agrees that where safety devices or protective equipment is required or furnished, its use shall be mandatory.
- 15.2 An employee who believes their work assignment is unsafe and for that reason refuses to perform such assignment shall be assigned other duties, if other duties are available, and no other employee shall be assigned the work assignment in dispute until after a determination has been made by the City's Safety Officer. If no other duties are available, the employee shall be placed on a leave of absence without pay, pending the above determination. Prior to being placed on such leave, however, the employee may request the presence of the appropriate Union representative.
- 15.3 The employee's immediate supervisor shall immediately request the City's Safety Officer to make a determination as to the safeness of the work assignment in question. If the


THIS AGREEMENT executed on the 30th day of June 2008, between the City of San José and the Municipal Employees Federation, AFSCME, Local No. 101, AFL-CIO, IN WITNESS THEREOF, the appropriate representatives of the parties have affixed their signature thereto.


FOR THE CITY OF SAN JOSE:


Debra Figone
City Manager

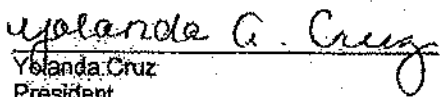

Gina Donnelly
Employee Relations Manager



Jennifer Schembri
Senior Executive Analyst


Doug Baker
Senior Executive Analyst

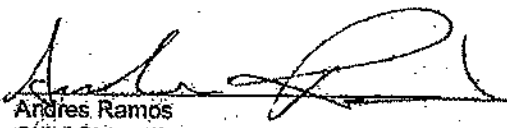

Cameron Smith
Division Manager

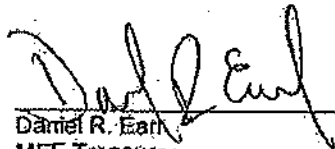
FOR THE MUNICIPAL EMPLOYEES'
FEDERATION, AFSCME, LDCAL NO. 101:


Yolanda Cruz
President


Peggy Martinez
Vice-President


Linda Dittes
Business Agent


Andres Ramos
Chief Steward


Daniel R. Earl
MEF Treasurer


Walter Lin
Team Member


Gerry Chappis
Team Member

RD:EJM
5/17/11

RESOLUTION NO. 75814

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING IMPLEMENTATION OF THE TERMS CONTAINED IN THE CITY'S LAST, BEST AND FINAL OFFER TO THE MUNICIPAL EMPLOYEES FEDERATION (MEF), EFFECTIVE JUNE 25, 2011

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the implementation of the City of San José's Last, Best and Final Offer to the Municipal Employees Federation (MEF) is hereby approved. The City Manager is hereby authorized to implement the terms of the City of San José's Last, Best and Final Offer on MEF, effective June 25, 2011.
2. The terms of the City of San José's Last, Best and Final Offer to MEF dated May 12, 2011 are set out and described in the memorandum to the Mayor and City Council from the Director of Employee Relations, dated May 17, 2011, attached hereto as Attachment A, and incorporated in this Resolution.

ADOPTED this 31st day of May, 2011, by the following vote:

AYES: CONSTANT, HERRERA, LICCARDO, NGUYEN,
OLIVERIO, PYLE, ROCHA; REED.

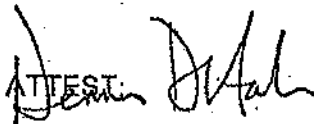
NOES: CAMPOS, CHU, KALRA.

ABSENT: NONE.

DISQUALIFIED: NONE.



CHUCK REED
Mayor



DENNIS D. HAWKINS, CMC
City Clerk

75814

COUNCIL AGENDA: 05-31-11
ITEM: 36



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: May 17, 2011

Approved

Date

5/17/11

SUBJECT: APPROVAL OF IMPLEMENTATION OF TERMS CONTAINED IN THE
CITY'S LAST, BEST, AND FINAL OFFER TO THE MUNICIPAL
EMPLOYEES' FEDERATION, AFSCME LOCAL 101 (MEF)

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

Adoption of a resolution approving the implementation of terms contained in the City's Last, Best, and Final Offer for employees represented by the Municipal Employees' Federation, AFSCME Local 101 (MEF), effective June 26, 2011.

OUTCOME

Adoption of the resolution and authorization to implement terms contained in the City's Last, Best, and Final Offer for employees represented by MEF, effective June 26, 2011. Implementation of terms does not result in implementation of a Memorandum of Agreement (MOA).

BACKGROUND

In November 2010, the City Council in open session approved a goal of reducing the total ongoing employee compensation for all City employees by ten percent (10%) and rolling back any general wage increases received in Fiscal Year 2010-2011. "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

In addition to the 10% ongoing total compensation reduction approved in November 2010, the City Council approved direction to achieve the following reforms: retirement reform, including 2nd tier pension and retiree healthcare benefits for new hires; options for current employees; SRBR or "13th Check;" sick leave payout; disability leave supplement, overtime calculation, vacation rollback and compensation structure.

GURZA000505

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for MEF

Page 2 of 6

The City of San Jose has a labor contract with the Municipal Employees' Federation, AFSCME Local 101 (MEF), which expires on June 30, 2011. MEF currently represents approximately 1,735 positions as included in the 2011-2012 Proposed Operating Budget. This unit includes employees such as Code Enforcement Inspectors, Public Safety Dispatchers, Office Specialists, Librarians and Planners.

The negotiations with MEF commenced in January 2011, and the parties met approximately eleven (11) times. The parties reached impasse and engaged in the mediation process on May 2, 2011, and May 12, 2011. Unfortunately, despite these efforts, the parties were unable to reach an agreement.

On May 12, 2011, the City provided MEF with alternate Last, Best, and Final offers, which included a one-year or two-year proposed term of agreement with slightly different terms. The City requested that MEF provide a response by May 24, 2011. If an agreement is reached with MEF, a Supplemental Memorandum will be issued.

Pursuant to the Meyers-Milias-Brown Act under California Government Code Section 3505.4, if after meeting and conferring in good faith, an impasse has been reached between the public agency and the recognized employee organization, and impasse procedures, where applicable, have been exhausted, a public agency that is not required to proceed to interest arbitration may implement its last, best, and final offer, but shall not implement a memorandum of understanding.

MEF has been notified that this item was being placed on the Council Agenda for implementation of terms contained in the one-year City's Last, Best, and Final offer for employees represented by MEF, which is attached. However, it is important to note that the imposition of terms does not include the imposition of any side letters.

ANALYSIS

The following is a summary of the terms contained in the City's Last, Best, and Final Offer that would be implemented for employees represented by MEF:

| | |
|-------------------------------------|--|
| Base Pay Reduction – Ongoing | Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), all salary ranges for employees represented by MEF shall be decreased by approximately 12.01%. All employees represented by MEF shall receive a 12.01% base pay reduction, which includes rolling back the 2% general wage increase received in Fiscal Year 2010-2011. |
| Healthcare Cost Sharing | <p>Currently, the City pays ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten percent (10%) of the premium for the lowest priced plan for employee or employee and dependent coverage.</p> <p>Effective pay date July 1, 2011, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen percent (15%) of</p> |

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for MEF

Page 3 of 6

the premium for the lowest priced plan for employee or employee and dependent coverage.

**Healthcare
HMO Plan
Design**

The current HMO Plan Design provides for \$10 office visit co-pay, \$5 generic and \$10 brand name prescription co-pays, and a \$50 emergency room co-pay.

Effective pay date July 1, 2011, a \$25 co-pay plan shall be implemented for all HMO plans, including the following changes:

- a. \$25 office visit co-pay
- b. \$10 generic/\$25 brand name prescription co-pay
- c. \$100 emergency room co-pay
- d. \$100 inpatient/outpatient procedure co-pay

**Healthcare
Payment-In-Lieu**

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of fifty percent (50%) of the City's premium. This results in a formula that increases as the City's costs towards healthcare increases. The current in-lieu amounts are as follows:

| | <u>Health-In-Lieu</u> | <u>Dental-In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | \$272.74 | \$23.75 |
| If NOT eligible for family coverage: | \$109.54 | \$23.75 |

Effective pay date July 1, 2011, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

| | <u>Health-In-Lieu</u> | <u>Dental-In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | \$221.84 | \$19.95 |
| If NOT eligible for family coverage: | \$89.09 | \$19.95 |

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

**Healthcare
Dual Coverage**

Effective pay date July 1, 2011, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree.

Disability Leave

Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), reduce the maximum disability supplemental pay benefit from nine (9) calendar months to three (3) calendar months (520 hours).

Employees will be allowed to integrate accrued vacation, earned compensatory time, and accrued sick leave.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for MEF

Page 4 of 6

| | |
|-----------------------------------|---|
| Salary Step Structure | Effective at the beginning of the payperiod during which the current contract expires (June 26, 2011), salary steps for all classifications represented by MEF will change from approximately 5% to approximately 2.5% between each step. This will increase the number of steps in each pay range. |
| Overtime | Employees who work in excess of 40 hours per week shall be compensated at the rate of time and one-half (1.5) the employee's hourly rate. Paid time off will no longer be considered time worked for the purposes of calculating eligibility for overtime. |
| Subsidy for Public Transit | After calendar year 2011, the City will no longer provide employees with an ECO-Pass. Upon exhaustion of the current supply of Commuter Check Vouchers, Vouchers will no longer be available for purchase from the City. |
| Sick Leave Payout | Effective January 1, 2012, no employee shall be eligible for a sick leave payout. |

Side Letters

The City's one-year Last, Best, and Final offer included several side letters to meet and confer, to the extent that any change is a mandatory subject of bargaining, in the areas of Retirement Reform for current and future employees, including but not limited to healthcare benefits; the Supplemental Retiree Benefit Reserve (SRBR) program in the Federated City Employees' Retirement System; and the City's layoff process and procedure, during the term of the proposed agreement.

The imposition of terms does not include the imposition of any side letters. However, absent an MOA containing a "zipper clause" the City or MEF may notify the other of its intent to meet and confer on any matters during Fiscal Year 2011-2012, to the extent that any change is a mandatory subject of bargaining. Pursuant to the Meyers-Milias-Brown Act under California Government Code Section 3505, the parties have the mutual obligation to meet and confer promptly upon request by either party, and to endeavor to reach agreement on matters within the scope of representation. This obligation includes all mandatory subjects of bargaining, inclusive of the change in terms included in this memo for Fiscal Year 2011-2012. If the parties are unable to reach an agreement on any of the issues, the parties shall follow the impasse procedures under Employee-Employer Relations Resolution No. 39367.

EVALUATION AND FOLLOW-UP

None.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for MEF

Page 5 of 6

75814

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the May 31, 2011, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

COST IMPLICATIONS

As directed in the Mayor's March 2011 Budget Message, as approved by the City Council, the budgetary savings associated with this action are assumed in the 2011-2012 Proposed Operating Budget which was released on May 2, 2011, as well as the 2011-2012 Proposed Fees and Charges document released on May 7, 2011. The terms which achieve a 10% ongoing total compensation reduction and roll back base salary increases of 2% received in Fiscal Year 2010-2011, generate additional ongoing savings of approximately \$20.86 million in all funds and approximately \$13.62 million in the General Fund based on the positions included in the 2011-2012 Proposed Operating Budget. These savings do not include any adjustments necessary to maintain the annual required retirement contributions and the associated change in overhead reimbursements to the General Fund from other funds. These savings also do not include the currently unknown cost increases for healthcare for the second half of Fiscal Year 2011-2012.

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HONORABLE MAYOR AND CITY COUNCIL

May 17, 2011

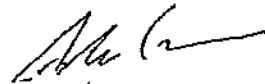
Subject: Approval of Implementation of Terms contained in the Last, Best, and Final Offer for MLF

Page 6 of 6

75814

CEOA

CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachment

GURZA000510

75814

CITY OF SAN JOSE AND MEF
LAST, BEST, AND FINAL OFFER
ALTERNATIVE A

PERIOD OF MEMORANDUM OF AGREEMENT

July 1, 2011 – June 30, 2012 (See attached)

WAGES

See attached

HEALTHCARE COST SHARING

See attached

HEALTHCARE CO. PAYS

See attached

HEALTH AND DENTAL IN LIEU

See attached

HEALTHCARE DUAL COVERAGE

See attached

SICK LEAVE PAYOUT

See attached

DISABILITY LEAVE SUPPLEMENT

See attached

SALARY STEP STRUCTURE

See attached

OVERTIME CALCULATION

See attached

SUBSIDY FOR PUBLIC TRANSIT

See attached

SIDE LETTERS

- Retirement Benefits for current and new employees (See attached)
- Layoff (See attached)
- Supplemental Retiree Benefit Reserve (SRBR) (See attached)

City of San Jose
May 12, 2011

GURZA000511

PERIOD OF MEMORANDUM OF AGREEMENT

Proposed MEF Language:

ARTICLE 1 PERIOD OF MEMORANDUM OF AGREEMENT

~~2.1 This Agreement shall become effective July 1, 2008 except where otherwise provided, and shall remain in effect through June 30, 2011. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties. Upon ratification by the Union of the Memorandum of Agreement and approval by the City Council, the City will provide the Union within thirty (30) days after both events have occurred, a draft copy of the Memorandum of Agreement. Three hundred (300) copies of this Agreement, as originally executed, shall be printed and distributed as soon as practical. The costs of such printing shall be shared equally by the parties, unless the printing of such Agreements are reproduced utilizing City facilities, in which case the City shall bear the cost of such printing. Additionally, the Agreement will be posted on the internet and intranet.~~

~~2.2.1 It is the mutual desire of the parties to conclude the meet and confer process as early as possible prior to the expiration of this Agreement. Therefore, it is agreed that the Union shall exert every reasonable effort to submit any proposed changes or additions to this Agreement on or before April 1, 2011. The City agrees to begin the meet and confer process as soon thereafter as is reasonably possible.~~

2.1 This Agreement shall become effective July 1, 2011, except where otherwise provided, and shall remain in effect through June 30, 2012. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

CITY PROPOSAL WAGES

Proposed MEF Language:

~~42.1.1 Wages 2008-2009. Effective June 29, 2008, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/06 and 052/07) shall be increased by approximately 3.75%. The 2008-2009 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 27, 2009.~~

~~42.1.1 Employees in the following classifications will receive a 5.0% special market adjustment for a total of a 8.75% increase including the 3.75% general wage increase effective June 29, 2008:~~

~~4487 Crime and Intelligence Analyst~~

~~4488 Crime and Intelligence Analyst (PT)~~

~~4489 Senior Crime and Intelligence Analyst~~

~~42.1.2 Employees in the following classifications will receive a 2.0% special market adjustment for a total of a 5.75% increase including the 3.75% general wage increase June 29, 2008:~~

~~4547 Buyer I~~

~~4542 Buyer II~~

~~4543 Senior Buyer~~

~~3782 Survey Field Supervisor~~

~~2443 Supervising School Crossing Guard~~

~~42.1.3 Employees in the following classification will receive a .17% special market adjustment for a total of a 3.92% increase including the 3.75% general wage increase effective June 29, 2008:~~

~~4618 Contract Compliance Specialist~~

~~42.2 Wages 2009-2010. Effective June 26, 2009, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/06 and 052/07) shall be increased by approximately 1.50%. The 2009-2010 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 26, 2010.~~

~~42.3 Wages 2010-2011. Effective June 27, 2010, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/06 and 052/07) shall be increased by approximately 2.0%. The 2010-2011 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 30, 2011.~~

2011 CITY OF SAN JOSE - MEF

~~12.4 Wages for part-time employees. Employees assigned to part-time classifications shall be paid an hourly rate equivalent to the hourly rate for the same full-time classifications.~~

12.1 Effective June 26, 2011, all salary ranges for employees holding positions in classifications assigned to MEF (Union Code 050/051/052) shall be decreased by approximately 12.01%. This will result in the top and bottom of the range of all classifications represented by MEF being 12.01% lower. All employees will receive a 12.01% base pay reduction.

12.2 Wages for part-time employees. Employees assigned to part-time classifications shall be paid an hourly rate equivalent to the hourly rate for the same full-time classifications.

CITY PROPOSAL - HEALTHCARE

Proposed MEF Language:

- 13.1 Health Insurance. Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependants.

13.1.1 ~~The City shall pay ninety percent (90%) of the full premium cost of the lowest priced plan for employee or employee and dependent coverage, and the employee will pay ten percent (10%) of the premium for the lowest priced plan up to a maximum of one hundred and fifty dollars (\$150) per month. If the employee's ten percent (10%) contribution for the lowest priced plan exceeds one hundred and fifty dollars (\$150) per month the City shall pay the difference. If an employee selects a plan other than the lowest priced plan, any additional amount required for the premium of any other plan beyond the cost of the lowest priced plan shall be paid for by the employee. Effective pay date July 1, 2011, the City pays eighty-five percent (85%) of the cost of the lowest priced plan for the employee or the employees and dependent coverage and the employee pays fifteen (15%) of the premium for the lowest priced plan. If the employee selects a plan other than the lowest priced plan, the employee pays the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan.~~

43.1.2 ~~Effective at the beginning of pay period one (1) of payroll calendar year 2009, the City shall pay ninety percent (90%) of the full premium cost of the lowest priced plan for employee or for employee and dependent coverage, and the employee will pay ten percent (10%) of the premium for the lowest priced plan for the employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.~~

13.1.32 ~~Effective January 1, 2009, co-pays for all available HMO plans shall be as follows: Effective pay date July 1, 2011, a \$25 Co-pay plan shall be implemented for all HMO plans, including the following changes:~~

- a. Office Visit Co-pay shall be increased to \$40\$25
- b. Prescription Co-pay shall be increased to \$5\$10 for generic and \$40\$25 for brand name. (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- c. Emergency Room Co-pay shall be increased to \$50\$100
- d. Inpatient/Outpatient procedure Co-pay shall be increased to \$100

- 13.3 Payment-In-Lieu of Health and Dental Insurance. The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

City of San Jose
May 12, 2011
Page 1 of 3

2011 CITY OF SAN JOSE – MEF

13.3.1 Effective pay date July 1, 2011, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per pay period:

| | <u>Health in-lieu</u> | <u>Dental in-lieu</u> |
|--|-----------------------|-----------------------|
| <u>If eligible for family coverage</u> | <u>\$221.84</u> | <u>\$19.95</u> |
| <u>If NOT eligible for family coverage</u> | <u>\$89.09</u> | <u>\$19.95</u> |

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee or retiree.

~~13.3.1 Employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive fifty percent (50%) of the City's contribution toward their health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.~~

13.3.2 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

13.3.3 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event as defined in the Human Resources Benefits Handbook, occurring anytime during the year. Employees who miss the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

13.3.4 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include but not be limited to the following situations, employment status changes from full to part-time, employee is on an unpaid leave of absence, employee is on a reduced work week, or

City of San Jose

May 12, 2011

Page 2 of 3

employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

- 13.3.5 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

13.3.5.1 Health Insurance. To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carriers' enrollment procedures.

13.3.5.2 Dental Insurance. Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

2011 CITY OF SAN JOSE – MEF**CITY PROPOSAL SICK LEAVE PAYOUT****Proposed Language:**

Effective January 1, 2012, no employee shall be eligible for a sick leave payout.

This language is intended to replace the language in:

- *Article 10.3.6 of the MEF Memorandum of Agreement.*

City of San Jose
May 12, 2011

GURZA000518

2011 CITY OF SAN JOSE -- MEF

~~CITY PROPOSAL - DISABILITY LEAVE~~

Proposed MEF Language:

10.4 Disability Leave

- 10.4.1 Disability Leave. Disability Leave Supplement (DLS) is the benefit provided pursuant to this Article, which, when added to Worker's Compensation Temporary Disability (WCTD) results in providing employees eighty-five percent (85%) of their regular base salary.
- 10.4.2 Eligibility for Disability Leave Supplement. A full-time employee required to be absent from work due to a job-related injury or industrial illness who receives WCTD payments pursuant to Division 1 or Division 4 of the California Labor Code is eligible for DLS, excluding ineligible causes listed in Section 10.4.4. In the event an employee is not eligible for WCTD payments because of the statutory waiting period, DLS shall not be paid for such a waiting period. The employee may use sick leave to cover the waiting period.
- 10.4.2.1 After the initial three (3)-day waiting period has been met, and the employee otherwise qualifies for DLS, the employee may utilize DLS for absences required for medical visits related to the injury after his/her return to work if he/she is unable to schedule such visits on non-work hours. DLS for such intermittent absences is subject to authorization by the Worker's Compensation Section. In no event may DLS exceed the limit specified in Section 10.4.8.
- 10.4.3 Eligibility for Disability Leave Supplement Linked to Temporary Disability. If the Worker's Compensation Appeals Board of the State of California or any judicial court should determine that the employee is not entitled to Temporary Disability (WCTD) compensation, the employee shall not be entitled to Disability Leave Supplement (DLS) benefits. Under such circumstances, any DLS moneys paid to the employee by the City must be returned to the City within one (1) year.
- 10.4.4 Ineligible Causes for Disability Leave. An employee shall not be eligible for disability leave, and shall not receive DLS if the injury or illness that causes the absence results from an act of gross negligence of such employee; and/or any work voluntarily undertaken by employee from which he has been prohibited from engaging in as determined by a City physician, prior to the date of injury.
- 10.4.5 Ineligibility if Offer and Decline of Modified Duty. DLS shall not be provided if the City offers the employee employment at identical or similar salary, within the employee's medical limitations, and the employee refuses or fails to accept duty for which the employee is physically qualified.
- 10.4.8 Maximum Term of Disability Leave Supplement. The employee will receive DLS benefits equal to the amount of money which, when added to the WCTD

2011 CITY OF SAN JOSE - MEF

equals eighty-five percent (85%) of what the employee would have earned at the position from which the employee is disabled for one of the following time periods, whichever is shortest:

1. The time the employee is medically required to be absent due to a work-related injury or illness, after the required three (3)-day waiting period.
2. The period of time WCTD is payable to the employee under the Workers' Compensation provisions of Division 1 or Division 4 of the Labor Code of the State of California.
3. Effective June 26, 2011, an employee will be eligible to receive DLS for a maximum of three (3) months (or 520 hours if not continually absent) for any current or future work-related injury or illness. Any employee who has exceeded three (3) months (or 520 hours if not continually absent) as of June 26, 2011, will no longer be eligible to receive DLS. Nine (9) calendar months (274 days or 1,560 hours if not continually absent) following the date of injury.

10.4.6.1 Time Limit for DLS Eligibility. Effective June 26, 2011, after 520 After 1,560 hours of DLS, the employee is entitled to no additional compensation for the injury or illness. No employee shall be eligible for DLS five (5) years after the date of the onset of the injury or illness for which the employee is claiming DLS.

10.4.7 Disability Leave Supplement is in Lieu of Regular Compensation. Employees who receive WCTD and DLS compensation do not receive their regular salary. DLS as described in this Article is in lieu of regular compensation.

10.4.8 Requirement of Evidence Proving Temporary Disability. The Director of Human Resources, or designee, is responsible for determining eligibility for DLS. In making this determination, the Director may require the employee to provide proof of injury or illness, proof that the injury or illness will last, and proof of other relevant matters as determined by the Director, or designee. The Director, or designee, may require the employee to submit to a medical examination by a physician selected by the City.

10.4.9 Termination of Disability Leave. An employee who is unable to return to full time regular duty following the expiration of any and all leave provided in this Article and the integration of Sick Leave as provided in Section 10.3.3.3, and of accrued vacation, and compensatory time off, with Workers' Compensation may be considered to have separated from City service.

10.4.9.1 An employee who exhausts all Disability Leave shall be notified that they are subject to the above provision upon expiration of all remaining paid leave.

10.4.10 Integration. After the maximum time limit specified in Article 10.4.6, the integration of an employee's available leave will occur in the following order: (1) accrued Vacation hours, (2) earned Compensatory Time once Vacation has been exhausted, and (3) accrued Sick Leave once Vacation and Compensatory Time have both been exhausted.

- In no event shall an employee receive an amount, including any Workers'

75814

2011 CITY OF SAN JOSE -- MEF

Compensation Temporary Disability payments, in excess of the
employee's regular base salary.

2011 CITY OF SAN JOSE – MEFCITY PROPOSAL – SALARY STEP STRUCTURE

Proposed Language:

Salary Steps

Effective June 26, 2011, the salary steps for all classifications represented by MEF will change from approximately 5% between each step to approximately 2.5%. This will result in an increase in the number of steps in the pay range.

This language shall be added as:

- *Article 12.3 of the MEF Memorandum of Agreement and other Articles shall be renumbered accordingly*

City of San Jose
May 12, 2011

GURZA000522

2011 CITY OF SAN JOSE – MEF**CITY PROPOSAL: OVERTIME CALCULATION****Proposed Language:**

Hours assigned and worked in excess of forty (40) hours per week shall be compensated by overtime pay or compensatory time at 1.5 times the hourly rate for the number of overtime hours worked. Paid time off shall not be considered time worked for the purpose of calculating eligibility for overtime.

This language is intended to replace the language in:

- *Article 7.12.1 of the MEF Memorandum of Agreement.*

With this proposal, Article 7.6 of the MEF Memorandum of Agreement.

City of San Jose
May 12, 2011

GURZA000523

2011 CITY OF SAN JOSE - MEF**CITY PROPOSAL: PUBLIC TRANSIT SUBSIDY, ECO-PASS AND SUBSIDIZED
COMMUTER CHECK VOUCHER PROGRAM****ECO-Pass**

After calendar year 2011, the City will no longer provide employees an ECO-Pass. This means that any employee in possession of a 2011 ECO-Pass provided by the City may continue its use through calendar year 2011. Beginning calendar year 2012, the City will cease providing an ECO-Pass.

Commuter Check Program

Upon exhaustion of the current supply of Commuter Check Vouchers, the Vouchers will no longer be available to employees for purchase from the City. This means that the subsidized Commuter Check Voucher Program is eliminated after the current supply of Commuter Check Vouchers are exhausted.

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF)

RETIREMENT REFORM

The City and Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF) agree to continue meeting and conferring on pension and retiree healthcare benefits for current and future employees, including but not limited to healthcare benefits. The negotiations may include modification of healthcare (medical and dental) plans available to current employees, including but not limited to plan design.

Either the City or MEF may provide notice to the other of its request to continue to meet and confer. Upon such notice, the parties shall continue these negotiations within ten (10) calendar days after the City or MEF receives notice from the other. The City and MEF shall continue to meet and confer in good faith in an effort to reach a mutual agreement.

If the parties are at impasse and no agreement is reached, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. In such event, neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor agreement between the City and MEF.

FOR THE CITY:

FOR MEF:

Gina Donnelly _____ Date _____
Office of Employee Relations

Yolanda Cruz _____ Date _____
Municipal Employees' Federation,
AFSCME, Local No. 101, AFL-CIO (MEF)

75814

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF)

LAYOFF

The City and the Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF) may provide notice to the other of its request to meet and confer on modifications to the City's layoff process and procedure, including the provisions of the Layoff article in the Memorandum of Agreement. Upon such notice, the parties shall meet within ten (10) calendar days after the City or MEF receives notice from the other. The City and MEF shall meet and confer in good faith in an effort to reach a mutual agreement:

If the parties are at impasse and no agreement is reached, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

FOR MEF:

Gina Donnelly
Office of Employee Relations

Date

Yolanda Cruz
Municipal Employees' Federation,
AFSCME, Local No. 101, AFL-CIO (MEF)

Date

GURZA000526

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF)

SUPPLEMENTAL RETIREE BENEFIT RESERVE (SRBR)

The City and the Municipal Employees' Federation, AFSCME, Local No. 101, AFL-CIO (MEF) agree to discuss the Supplemental Retiree Benefit Reserve (SRBR) program in the Federated City Employees' Retirement System.

Either the City or MEF may provide notice to the other of its request to discuss the SRBR program. Upon such notice, the parties shall continue these discussions within ten (10) calendar days after the City or MEF receives notice from the other.

To the extent that any change to the SRBR program is a mandatory subject of bargaining, the City and MEF shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached on those issues that are a mandatory subject of bargaining, either party may invoke the impasse procedures in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 38367. The parties understand that this means that, notwithstanding any other provision in any successor Memorandum of Agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. In such event, neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

FOR MEF:

Gina Donnelly _____ Date _____
Office of Employee Relations

Yolanda Cruz _____ Date _____
Municipal Employees' Federation,
AFSCME, Local No. 101, AFL-CIO (MEF)

RESOLUTION NO 75507

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING AN AGREEMENT BETWEEN THE CITY OF SAN
JOSE AND THE SAN JOSE POLICE OFFICERS' ASSOCIATION
WITH A TERM OF JULY 1, 2010 TO JUNE 30, 2011

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the Agreement between the City of San José and the San Jose Police Officers' Association (SJPOA), with a term of July 1, 2010 to June 30, 2011, is hereby approved. The City Manager is hereby authorized to execute the Agreement on behalf of the City.
2. The general terms of the Agreement are set out and described in the Memorandum to the Mayor and City Council dated July 19, 2010, from the Director of Employee Relations and Budget Director, which is attached hereto as Attachment A and incorporated in this Resolution.

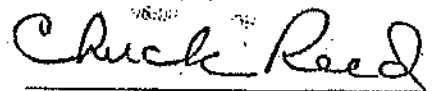
ADOPTED this 3rd day of August, 2010, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA,
KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE; REED.

NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.


CHUCK REED
Mayor

ATTEST:


LEE PRICE, MMC
City Clerk

COUNCIL AGENDA:
ITEM:

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCILFROM: Alex Gurza
Jennifer Maguire

SUBJECT: SEE BELOW

DATE: July 19, 2010

Approved

Date

7/19/10

SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE SAN
JOSE POLICE OFFICERS' ASSOCIATION (POA)COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

1. Adoption of a resolution to approve the terms of a Memorandum of Agreement with the San Jose Police Officers' Association (SJPOA) and authorizing the City Manager to execute the agreement with a term of July 1, 2010 to June 30, 2011.
2. Restoration of 70 Police Officer positions as follows:
 - a. Restore 62 Police Officer positions, on a one-time basis, effective August 1, 2010 through June 30, 2011.
 - b. Restore 8 Police Officer positions ongoing, effective August 1, 2010.
3. Adoption of the following 2010-2011 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
 - a. Decrease the Police Department Personal Services appropriation by \$883,954.
 - b. Increase the Police Department Non-Personal/Equipment appropriation by \$331,504.
 - c. Decrease the Office of the City Attorney Personal Services appropriation by \$20,932.
 - d. Establish a 2011-2012 Future Deficit Earmarked Reserve of \$1,230,000.
 - e. Decrease the Unemployment Insurance Earmarked Reserve by \$985,000.
 - f. Decrease the revenue estimate for Transfers and Reimbursements by \$301,094.
 - g. Decrease the revenue estimate for Licenses and Permits by \$27,288.
4. Adoption of the following 2010-2011 Appropriation Ordinance amendments in the Airport Maintenance and Operations Fund (Fund 523):
 - a. Decrease the Transfer to the General Fund by \$301,094.
 - b. Increase the Ending Fund Balance by \$301,094.

5. Adopt a resolution amending the Schedule of Fees and Charges (Resolution No. 72737, as amended) to decrease the Cardroom Card Table Fee from the adopted \$24,755 per table to an adjusted fee of \$24,413 per table.

OUTCOME

Adoption of the resolution and authorization to execute the successor agreement would implement a collective bargaining unit agreement between the City and the San Jose Police Officers' Association (POA).

BACKGROUND

In November 2009, the City Council in open session approved a goal of reducing the total ongoing employee compensation by 5%. In March 2010, the City Council approved the Mayor's Budget Message, which expanded the goal to include an additional 5% in personnel cost savings, including ongoing or one-time savings. As a result, the goal was to achieve a total compensation reduction of 10%. "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

The POA represented approximately 1362 full time budgeted positions in Fiscal Year 2009-2010. This unit includes employees in the classifications of Police Recruit, Airport Police Officer, Police Officer, Police Sergeant, Police Artist, Police Lieutenant, Police Captain and Deputy Chief of Police.

The Memorandum of Agreement between the City of San Jose and the POA expired on June 30, 2010. The City and the POA commenced negotiations for a successor Memorandum of Agreement (MOA) in January 2010. The City and the POA were unable to reach an agreement that achieves a 10% total compensation reduction before the City Council approved the Fiscal Year 2010-2011 Budget. The Fiscal Year 2010-2011 Budget approved by the City Council includes the elimination of 159 sworn police officer positions. As a result, approximately 70 police officers are subject to layoff effective July 30, 2010.

Even though the City Council approved the Fiscal Year 2010-2011 Budget, the City Council directed staff to continue to negotiate with the POA in an attempt to reach an agreement that would avoid layoffs. If the City and the POA were unable to reach an agreement, the parties would proceed to binding interest arbitration. It would be many months before the arbitration hearings would take place, and the layoffs that are effective July 30, 2010, would have already occurred. Therefore, by the time an arbitration award was issued, police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget would not have been employed by the City of San Jose for many months and possibly over one year.

During these continued negotiations, the POA made a proposal to the City on June 30, 2010, that when combined with the Mayor's June Budget Message Police Officer attrition funding as approved by the City Council with adoption of the Fiscal Year 2010-2011 Budget, yields enough savings to delay the 70 layoffs currently planned for Fiscal Year 2010-2011. However, the POA's proposal

HONORABLE MAYOR AND CITY COUNCIL

July 19, 2010

Subject: Approval of an Agreement with the POA

Page 3 of 8

falls significantly short of achieving a 10% reduction in total compensation. The POA indicated that its June 30, 2010, proposal, which represents a total compensation reduction of less than 4% is as much as the POA is willing to offer. Since the concessions proposed by the POA would generate almost exclusively one-time savings, those concessions would preserve a portion of the police officer positions that are currently eliminated in the Fiscal Year 2010-2011 Budget for only one additional year. Therefore, absent additional ongoing concessions, the positions of employees who would avoid layoff through one-time savings would be eliminated effective June 30, 2011, and would not be included in the budget development of Fiscal Year 2011-2012.

Although the POA's proposal would delay the current proposed layoffs through June 30, 2011, it would not avoid elimination of a significant number of vacant police officer positions, which results in the loss of public safety services to the community. This is a loss in the number of sworn police personnel that the City hoped could have been avoided through a 10% reduction in total compensation for employees represented by the POA.

In order to avoid the layoff of 70 police officer positions, the City Administration asked the POA to take its June 30, 2010 proposal to its membership for ratification. The POA took its proposal to the membership and notified the City Administration on July 13, 2010, that approximately 75% of the POA membership voted in favor of the proposal. Therefore, the POA proposal dated June 30, 2010 has been ratified. Since the tentative agreement is only a one year contract the City considers the tentative agreement a "stop-gap" measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year. A complete copy of the tentative agreement is attached.

ANALYSIS

The following is a summary of the terms contained in the June 30, 2010, proposal from the POA:

**Temporary
Additional
Retirement
Contributions**

Effective June 27, 2010 through June 25, 2011, employees will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and this amount will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates as approved by the Police and Fire Department Retirement Board.

In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have their base pay temporarily reduced by the equivalent amount.

**Temporary
Uniform
Allowance
Freeze**

Currently, employees receive a uniform allowance not to exceed \$675 annually. Payments are made during the first two pay periods of each month, in the amount of \$28.12 per biweekly pay period.

Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.

**Healthcare
Cost Sharing**

Currently, the City pays ninety (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten (10%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

Effective December 26, 2010, the City will pay eighty five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen (15%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

**Healthcare
HMO Plan Design**

The current HMO Plan Design provides for \$10 office visit co-pay, \$5 generic and \$10 brand name prescription co-pays, and a \$50 emergency room co-pay.

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

- a. \$25 office visit co-pay
- b. \$10 generic/\$25 brand name prescription co-pay
- c. \$100 emergency room co-pay
- d. \$100 inpatient/outpatient procedure co-pay

**Healthcare
Dual Coverage**

Effective January 1, 2011, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree.

**Healthcare
Payment-In-Lieu**

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of 50% of the City's premium. This results in a formula that increases as the City's costs towards healthcare increases. The current in-lieu amounts are as follows:

| | <u>Health In-Lieu</u> | <u>Dental In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | 250.31 | 24.44 |
| If NOT eligible for family coverage: | 100.54 | 24.44 |

Effective December 26, 2010, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

| | <u>Health In-Lieu</u> | <u>Dental In-Lieu</u> |
|--------------------------------------|-----------------------|-----------------------|
| If eligible for family coverage: | 221.84 | 19.95 |
| If NOT eligible for family coverage: | 89.09 | 19.95 |

HONORABLE MAYOR AND CITY COUNCIL
 July 19, 2010
 Subject: Approval of an Agreement with the POA
 Page 5 of 8

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed NOT eligible for family coverage.

This changes the current formula from a percentage to a fixed dollar amount and will reduce the increases in the health in-lieu program in the future.

No Layoffs
 During Fiscal
 Year 2010-2011

Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. For purposes of this section, layoff shall be defined as involuntary separation of City employment due to budget reductions.

Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA. Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

EVALUATION AND FOLLOW-UP

None.

POLICY ALTERNATIVES

The Meyers-Millias-Brown Act (MMBA) governs labor relations for local government agencies in California. The MMBA states:

If after meeting and conferring in good faith, an impasse has been reached between the public agency and the recognized employee organization, and impasse procedures, where applicable, have been exhausted, a public agency that is not required to proceed to interest arbitration may implement its last, best and final offer, but shall not implement a memorandum of understanding. (California Government Code §3505.4)

Under City Charter, Section 1111, however, the City is required to proceed to binding interest arbitration with the San Jose Police Officers' Association (POA) and International Association of Fire Fighters, Local 230 where no agreement has been reached after impasse procedures.

Binding interest arbitration has been included in the City Charter since 1980 when voters passed a ballot measure to include it for public safety unions in San Jose. Therefore, the City does not have the option to implement the terms of the City's Last, Best and Final Offer, as it can do with all other non-public safety bargaining units.

The City Charter requires the City to proceed to binding interest arbitration if no agreement is reached on wages, hours, or terms and conditions of employment after negotiation in good faith.

HONORABLE MAYOR AND CITY COUNCIL
 July 19, 2010
 Subject: Approval of an Agreement with the POA
 Page 6 of 8

and following the procedures outlined in the Employee-Employer Relations Resolution (#39367). Therefore, if no agreement was reached between the City and the POA, either party would declare impasse and follow the procedures outlined in the Resolution. An agreement would still be possible during the impasse procedures, however, this process takes time and layoffs for Fiscal Year 2010-2011 could not be avoided.

Once the impasse procedures are complete, the City would proceed to binding interest arbitration. City Charter Section 1111 provides that the arbitration process includes a Board of Arbitrators comprised of a City representative, employee organization representative, and a neutral arbitrator selected by the City and Union who serves as the Chairman of the Board. At the conclusion of the arbitration hearings, the City and Union submit last offers on each issue. The Arbitration Board ultimately decides each issue by majority vote. The arbitration award is final and binding.

The City Council approved a Fiscal Year 2010-2011 Budget that included the difficult decision to cut services to the community and eliminate hundreds of positions throughout the City, including police officer positions. Approximately 70 sworn officers are currently subject to layoff effective July 30, 2010. If the City proceeded to binding interest arbitration, the police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget will separate from City service for an unknown period of time, if not permanently. Further, the cost implication of any arbitration award would be unknown for many months.

The POA presented a proposal to the City Administration that would delay the layoff of 70 police officers currently scheduled for separation from City service effective July 30, 2010, and would preserve some of the public safety services provided to the community. The City Administration is recommending approval of the ratified POA proposal as a stop-gap measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year.

PUBLIC OUTREACH/INTEREST

- ☒ Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ Criteria 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the August 3, 2010, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

COST IMPLICATIONS

The terms of the recommended agreement between the City and the POA generate savings of \$8.5 million in 2010-2011 which represents 3.82% of total compensation (base pay, premium pays, retirement contributions, health insurance and other benefits). Ongoing savings of \$1.5 million is equivalent to 0.67% of total compensation.

As shown in Table 1, the agreement generates General Fund savings of \$8.5 million, partially offset by a revenue loss of \$328,000, resulting in net savings of \$8.2 million available to be allocated to restore positions. The restoration of 70 Police Officer positions through June 30, 2011 would cost \$9.2 million. A number of actions are necessary to align the budget with this recommended agreement, including appropriation ordinance and funding sources resolution adjustments in the Police Department, City Attorney's Office, Unemployment Insurance Reserve, 2011-2012 Future Deficit Reserve, revenue estimate for Transfers and Reimbursements, revenue estimate for Licenses and Permits, Cardroom Table Fee, and Airport Maintenance and Operation Fund.

Table 1: General Fund Budget Reconciliation

| POA Agreement General Fund Reconciliation | | |
|---|-------------|-------------|
| POA Agreement Expenditure Savings | | 8,545,073 |
| Police Department Personal Services | 8,524,141 | |
| Attorney's Office Personal Services | 20,932 | |
| Revenue Impact | | (328,382) |
| Airport Reimb. (Transfers & Reimbursements) | (301,094) | |
| Cardroom Table Fee (Licenses & Permits) | (27,288) | |
| Net Savings | | 8,216,691 |
| Restoration of 70 Police Officers | | (9,171,602) |
| Police Personal Services | (8,840,098) | |
| Police Non-Personal/Equipment | (331,504) | |
| POA Agreement Shortfall | | (954,911) |
| Other Balancing Actions | | |
| POA Agreement Shortfall | | (954,911) |
| Use of Mayor's Message Attrition Funding | | 1,199,911 |
| Unemployment Insurance Reserve Savings | | 985,000 |
| 2011-2012 Future Deficit Reserve | | 1,230,000 |

Of the \$8,545,073 in savings, savings of \$8,524,141 is generated in the Police Department and \$20,932 in the Office of the City Attorney to reflect the lower police staffing costs in the department and office, respectively.

HONORABLE MAYOR AND CITY COUNCIL

July 19, 2010

Subject: Approval of an Agreement with the POA

Page 8 of 8

75507

A downward adjustment of \$328,382 to the revenue estimate for Transfers and Reimbursements and the revenue estimate for Licenses and Permits reflects lower sworn personal services costs. The Airport reimburses the General Fund for the cost of police services at the Airport. In addition, the Cardroom Table Fee is based on police staffing costs. Lower staffing costs require downward adjustments to revenue to bring the Airport reimbursement and Cardroom Table Fee within cost recovery levels per City Council policy.

Pursuant to the Mayor's June Budget Message, as approved by the City Council, the City Manager was directed to recalculate the value of General Fund service restorations based on concessions achieved. Restoration of 70 Police Officer positions requires funding of \$9.2 million, which represents the discounted cost of this restoration with the concessions in this agreement. The final POA concession net savings of \$8.2 million is insufficient to fund the restoration of these positions. This is a result of the POA agreement cost calculation being developed based on the Fiscal Year 2010-2011 Base Budget. The final savings achieved is calculated on the Adopted Budget, which includes fewer sworn police positions. Therefore, a lower amount of savings is achieved. It is therefore necessary to use a majority portion of the \$1.2 million allocated for police officer attrition as approved by the City Council with the adoption of the Fiscal Year 2010-2011 Budget. This one-time funding is available and recommended to restore the remaining portion of the 70 Police Officer positions in 2010-2011. Remaining savings of \$1.2 million, generated from Unemployment Insurance Reserve savings and remaining attrition funding that is no longer needed, is recommended to be allocated to establish a 2011-2012 Future Deficit Reserve as directed by City Council with approval of the Fiscal Year 2010-2011 Budget.

This agreement achieves the City Council goal to retain all 70 filled Police Officer positions to avoid layoffs this year. The agreement will generate \$8.2 million in 2010-2011 savings, of which \$1.5 million is ongoing. This ongoing savings is recommended to retain 8 of the 70 positions on an ongoing basis.

The City Administration has been advised by the Police & Fire Department Retirement Board's actuary, The Segal Company, that the additional retirement contributions that the employees will be making to offset the City's retirement contributions are refundable to the members upon termination of employment if the employee requests such return of contributions. The Board's actuary has calculated a refundability factor of 0.0008 for the employee contributions, meaning that of every \$1 in employee unfunded liability contributions, only \$0.992 is available to offset the unfunded liability after account for refunds. This actuarial loss will be factored in future valuations.


Jennifer A. Maguire
Budget Director


Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachments

GURZA000536

75507

CITY OF SAN JOSE AND SAN JOSE POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT

PERIOD OF MEMORANDUM OF AGREEMENT

Term: July 1, 2010 – June 30, 2011

COST SHARING FORMULA

See Attached

HEALTHCARE HMO PLAN DESIGN

See Attached

HEALTH AND/OR DENTAL IN LIEU

See Attached

HEALTHCARE DUAL COVERAGE

See Attached

ADDITIONAL RETIREMENT CONTRIBUTIONS (ONE-TIME)

See Attached

UNIFORM ALLOWANCE

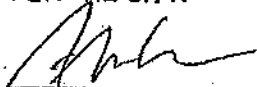
See Attached

NO LAYOFFS DURING FISCAL YEAR 2010-2011

See Attached

Although the POA has ratified this Tentative Agreement, it shall not be considered final or binding until approved by the City Council. This document sets forth the full agreements of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.

FOR THE CITY:




Alex Gurza
Director of Employee Relations

7/15/2010

Date

FOR THE UNION:



George Beattie
SJPOA President

7/15/2010

Date

GURZA000537

POA Proposal

TERM

ARTICLE 1 TERM

- 1.1 This Memorandum of Agreement (hereinafter, "Agreement") shall become effective July 1, 2010~~08~~, except where otherwise provided, and shall remain in effect through June 30, 2011~~0~~. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

June 30, 2010

GURZA000538

POA Proposal

COST SHARING FORMULA

8.1 Health Insurance Coverage

8.1.1 Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.

~~8.1.2 The City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of \$150.00 per month. Any additional amount above the cost of the lowest priced plan, less \$150.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

~~8.1.3~~ 8.1.2 Effective the first pay period of payroll calendar year 2000, the City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten percent (10%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

8.1.3 Effective December 26, 2010, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

June 30, 2010

GURZA000539

POA Proposal

HEALTHCARE HMO PLAN DESIGN

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare HMO Plan Design as follows:

8.1.4 Effective January 1, 2010, co-pays Co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay: \$10
- b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- c. Emergency Room Co-Pay: \$50

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay shall be increased to \$25.
- b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name.
- c. Emergency Room Co-pay shall be increased to \$100.
- d. Inpatient/Outpatient procedure copay shall be increased to \$100

June 30, 2010

GURZA000540

POA Proposal

HEALTH AND/OR DENTAL IN LIEU

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Health and/or Dental in lieu as follows:

8.3 Payment-In-Lieu of Health and/or Dental Insurance Program

8.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

8.3.2 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty (50%) percent of the City's contribution toward his/her health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty (50%) percent of that contribution.

Effective December 26, 2010, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per payperiod:

| | Health In-lieu | Dental In-lieu |
|-------------------------------------|----------------|----------------|
| If eligible for family coverage | \$221.84 | \$19.95 |
| If NOT eligible for family coverage | \$89.09 | \$19.95 |

8.3.3 A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

8.3.4 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

8.3.5 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event (as defined in the Human Resources Benefit Handbook) occurring anytime during the year. Employees who fail to enroll in the payment-in-lieu program during the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. The employee may cancel enrollment in the payment-in-lieu of insurance program only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

POA Proposal

8.3.66 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include, but not be limited to, the following situations: employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

8.3.76 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

8.3.76.1 HEALTH INSURANCE: To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carrier's enrollment procedures.

8.3.76.2 DENTAL INSURANCE: Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

POA Proposal

HEALTHCARE DUAL COVERAGE

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare Dual Coverage as follows:

8.1 Health Insurance Coverage

8.1.5 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

8.2 Dental Plan

8.2.3 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

June 30, 2010

GURZA000543

POA Proposal

ADDITIONAL RETIREMENT CONTRIBUTIONS**ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS**

Effective June 27, 2010 through June 25, 2011, all employees represented by the POA will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 5.25% of pensionable compensation, as illustrated below:

| Police and Fire Department Retirement (Police) (Fiscal Year 2010-2011) | | | |
|--|--------|----------|--------|
| | City | Employee | Total |
| Current Contribution Rates | 44.58% | 15.57% | 60.15% |
| Contribution Rates With Additional Employee Contributions | 39.33% | 20.82% | 60.15% |

Note: Additional contributions made by employees do not affect the retiree healthcare rates

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

POA Proposal

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

POA Proposal

NO LAYOFFS DURING FISCAL YEAR 2010-2011

ARTICLE 1

1.2 Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA.

For purposes of this section, layoff shall be defined as involuntarily leaving City employment due to budget reductions.

Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

June 30, 2010

POA Proposal

UNIFORM ALLOWANCE

ARTICLE 9 UNIFORM ALLOWANCE

- ~~9.1 The City shall provide a uniform allowance in the amount of \$675.00 per calendar year included on an employee's regular payroll check. This amount will be prorated for employees who work less than a full year. For calendar year 2000, \$675 shall be paid in January 2000.~~
- 9.2 ~~Effective the first pay period of payroll calendar year 2000, Employees shall receive a uniform allowance not to exceed \$675 annually. Payment shall be made during the first two pay periods of each month, in the amount of \$28.12 per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period. Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.~~
- 9.3 In the event new classifications are established during the term of this Agreement and assigned to Representation Units 011, 012 and 013 which consist solely of sworn personnel, such employees shall be paid an annual uniform allowance in accordance with the provisions of this Section.
- 9.4 The City agrees to pay the prorated cost of replacement or repair for uniforms damaged in the ordinary course of performance of regular job duties. Schedules adopted by the City for such reimbursement shall be kept reasonably current.

June 30, 2010

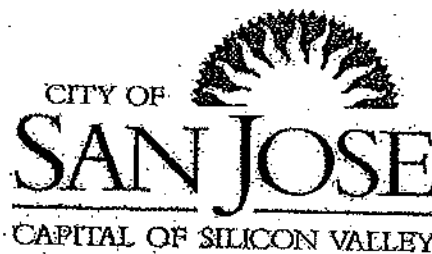
GURZA000547

Memorandum of Agreement

City of San José

and

San José Police Officers' Association



July 1, 2010 – June 30, 2011

**CITY OF SAN JOSE
AND
THE SAN JOSE POLICE OFFICERS' ASSOCIATION
MEMORANDUM OF AGREEMENT**

TABLE OF CONTENTS

| | | |
|------------|--|----|
| ARTICLE 1 | TERM | 1 |
| ARTICLE 2 | RECOGNITION | 1 |
| ARTICLE 3 | COMMENCEMENT OF NEGOTIATIONS | 2 |
| ARTICLE 4 | DEFINITIONS | 2 |
| ARTICLE 5 | WAGES AND PREMIUM PAY | 2 |
| ARTICLE 6 | PER DIEM EXPENSE | 8 |
| ARTICLE 7 | EDUCATION INCENTIVE AND REIMBURSEMENT | 8 |
| ARTICLE 8 | INSURANCE BENEFITS | 11 |
| ARTICLE 9 | UNIFORM ALLOWANCE | 16 |
| ARTICLE 10 | PERSONAL PROPERTY REIMBURSEMENT | 16 |
| ARTICLE 11 | PAYCHECKS | 17 |
| ARTICLE 12 | WORKING IN A HIGHER CLASSIFICATION | 18 |
| ARTICLE 13 | HOURS OF WORK AND OVERTIME | 18 |
| ARTICLE 14 | COURT CALL-IN, APPEARANCE COURT RECESS AND CALL BACK PAY | 24 |
| ARTICLE 15 | STANDBY DUTY | 25 |
| ARTICLE 16 | CITY RIGHTS AND CHARTER RIGHTS | 26 |
| ARTICLE 17 | ASSIGNMENTS | 26 |
| ARTICLE 18 | TRANSFER POLICIES | 28 |
| ARTICLE 19 | FULL UNDERSTANDING, MODIFICATION AND WAIVER | 28 |
| ARTICLE 20 | CONCERTED ACTIVITY | 29 |
| ARTICLE 21 | POLICE VEHICLE | 30 |
| ARTICLE 22 | LAYOFFS | 31 |
| ARTICLE 23 | HOLIDAYS | 33 |
| ARTICLE 24 | DUES DEDUCTION | 34 |
| ARTICLE 25 | GRIEVANCE PROCEDURE | 35 |
| ARTICLE 26 | LEAVES OF ABSENCE | 43 |
| ARTICLE 27 | ADMINISTRATIVE LEAVE | 44 |
| ARTICLE 28 | WEAPONS | 44 |

| | | |
|------------|--|----|
| ARTICLE 29 | AUTHORIZED REPRESENTATIVES | 46 |
| ARTICLE 30 | VACATIONS | 46 |
| ARTICLE 31 | SICK LEAVE | 49 |
| ARTICLE 32 | DISABILITY LEAVE | 54 |
| ARTICLE 33 | BEREAVEMENT LEAVE | 57 |
| ARTICLE 34 | NON-DISCRIMINATION | 58 |
| ARTICLE 35 | MAINTENANCE OF MEMBERSHIP | 58 |
| ARTICLE 36 | SENIORITY | 59 |
| ARTICLE 37 | LABOR MANAGEMENT COMMITTEE | 60 |
| ARTICLE 38 | POLICE EQUIPMENT | 60 |
| ARTICLE 39 | MODIFIED DUTY ASSIGNMENT | 61 |
| ARTICLE 40 | PROMOTIONAL TESTING | 61 |
| ARTICLE 41 | TRAINING | 61 |
| ARTICLE 42 | ORGANIZATION NOTIFICATION OR COMMUNICATIONS | 62 |
| ARTICLE 43 | INVESTIGATIONS | 63 |
| ARTICLE 44 | CHAIN OF COMMAND | 63 |
| ARTICLE 45 | COPIES OF AGREEMENT | 64 |
| ARTICLE 46 | PERFORMANCE EVALUATION | 64 |
| ARTICLE 47 | DEPARTMENT AUTHORIZED EQUIPMENT OR TECHNIQUE | 65 |
| ARTICLE 48 | RECRUIT CLASSIFICATION | 65 |
| ARTICLE 49 | RETIREMENT | 67 |
| ARTICLE 50 | RETIREE HEALTHCARE FUNDING | 68 |
| ARTICLE 51 | MODIFICATION OF BARGAINING UNIT WORK | 69 |
| ARTICLE 52 | COMMUNITY POLICING | 70 |
| ARTICLE 53 | DRUG TESTING | 71 |
| ARTICLE 54 | TIME DONATION PROGRAMS | 72 |
| ARTICLE 55 | SEPARABILITY | 72 |
| ARTICLE 56 | MEET AND CONFER AND INTEREST ARBITRATION | 72 |
| ARTICLE 57 | PROBATIONARY PERIOD | 73 |
| EXHIBIT I | WAGE INCREASES | 76 |

Unit 012: Police Captain, Deputy Chief of Police

Unit 013: Airport Police Officer

Unit 014: Police Recruit

ARTICLE 3 COMMENCEMENT OF NEGOTIATIONS

It is mutually agreed that the first meeting of the parties will be held no later than twenty (20) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

ARTICLE 4 DEFINITIONS

For the purposes of this Memorandum of Agreement, words, phrases and terms used herein shall be deemed to have the meanings specified in Section 2 - Definitions, of Resolution No. 39367 of the Council of the City of San Jose and in Part 2 - Definitions, of Chapter 3.04 of Title III of the San Jose Municipal Code unless it is apparent from the text that a different meaning is intended.

ARTICLE 5 WAGES AND PREMIUM PAY

5.1 ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS

Effective June 27, 2010 through June 25, 2011, all employees represented by the POA will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 5.25% of pensionable compensation, as illustrated below:

| Police and Fire Department Retirement (Police) (Fiscal Year 2010-2011) | | | |
|--|--------|----------|--------|
| | City | Employee | Total |
| Current Contribution Rates | 44.58% | 15.57% | 60.15% |
| Contribution Rates with Additional Employee Contributions | 39.33% | 20.82% | 60.15% |

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010, (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

5.2 Premium Pay

Compensation for the benefits referenced below, shall be calculated from the eligible employee's base rate. In the event that an employee is eligible for more than one such benefit, compensation for each shall be separately calculated from the base rate and shall not be compounded.

5.2.1 Bomb Squad

Each employee regularly assigned to the "Bomb Squad" on a full-time basis and who is responsible for disarming bombs and similarly fused explosive devices shall be paid an amount equivalent to a one-step increase under the biweekly pay plan during each biweekly period of such assignment.

5.2.2 Canine Officers

5.2.2.1 Each employee in the classification of Police Officer, Police Sergeant, and Police Lieutenant who is assigned to the duty of feeding, caring for and supervising police dogs, which duty is performed by the employee at his/her home and during hours when he/she is otherwise not on duty with the Police Department, and to each employee in the classification of Police Sergeant who is assigned the duties of coordinating the BFO Canine Unit, shall be paid an amount equivalent to a one-step increase under the biweekly pay plan during each biweekly period of such assignment.

who was awarded the Basic Certificate given by the Commission on Peace Officer Standards and Training of the State of California on or before February 15, 1970, and who, on or before March 1, 1970, filed with the Director of Finance proof that he/she had been awarded said Basic Certificate on or before February 15, 1970, shall be entitled to the compensation provided in Section 7.1.2.

7.1.5 A person holding a position in the classification of Police Artist (2244) is entitled to benefits under this Article only if such person is a sworn Police Officer.

7.1.6 Notwithstanding anything to the contrary contained in this Article, no person shall be entitled to receive additional compensation under the provisions of more than one section of this Article, provided, however, that in the event that any person would otherwise be entitled to such additional compensation as is specified in two or more Sections, he/she shall be paid such additional compensation at the highest rate to which he/she is entitled, and no more.

7.2 Education Reimbursement

The Tuition Assistance policy as provided in (Section 4.3.1) of the City Policy Manual of the City of San Jose shall be continued during the term of this Memorandum of Understanding. In no event shall tuition received from this program plus reimbursement from other educational incentive programs exceed the total cost of tuition and books.

ARTICLE 8 INSURANCE BENEFITS

8.1 Health Insurance Coverage

8.1.1 Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.

8.1.2 The City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten percent (10%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

8.1.3 Effective December 26, 2010, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee

and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

8.1.4 Co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay: \$10
- b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- c. Emergency Room Co-pay: \$50

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay shall be increased to \$25.
- b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name.
- c. Emergency Room Co-pay shall be increased to \$100.
- d. Inpatient/Outpatient procedure copay shall be increased to \$100.

8.1.5 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

8.2 Dental Plan

8.2.1 The City will provide dental coverage for eligible full-time employees and their dependents in accordance with one of the available plans. Copies of each plan document shall be available upon request in the Human Resources Department. This includes the payment by the City of any increases in the premiums during the term hereof.

8.2.1.1 Effective during the term of this agreement, all active, eligible, full-time employees and their dependents that have the Delta Dental Plan may receive a lifetime maximum of \$2,000 per eligible full-time employee and their dependents for orthodontic coverage and a maximum for dental coverage of \$1,500 per calendar year.

8.2.2 The City will provide dental coverage in the lowest priced plan for eligible full time employees and their dependents. If an employee selects a plan other than the lowest priced plan, the City will pay ninety-five (95%) percent of the full premium cost for the selected dental coverage for

eligible full time employees and their dependents and the employee shall pay five (5%) percent of the full premium cost for the selected plan.

- 8.2.3 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

8.3 Payment-in-Lieu of Health and/or Dental Insurance Program

- 8.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

- 8.3.2 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty (50%) percent of the City's contribution toward his/her health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty (50%) percent of that contribution.

Effective December 26, 2010, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per payperiod.

| | Health in-lieu | Dental in-lieu |
|-------------------------------------|----------------|----------------|
| If eligible for family coverage | \$221.84 | \$19.95 |
| If NOT eligible for family coverage | \$89.09 | \$19.95 |

- 8.3.3 A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

- 8.3.4 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

- 8.3.5 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event (as defined in the Human Resources Benefit Handbook) occurring anytime during the year. Employees who fail to enroll in the payment-in-lieu program during the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in

the payment-in-lieu of insurance program. The employee may cancel enrollment in the payment-in-lieu of insurance program only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

8.3.6 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include, but not be limited to, the following situations: employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

8.3.7 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

8.3.7.1 **HEALTH INSURANCE:** To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carrier's enrollment procedures.

8.3.7.2 **DENTAL INSURANCE:** Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

8.4 Psychological Counseling

The City agrees to continue the Psychological Counseling Program with the provider of services being subject to the approval of the Organization, with maintenance of Doctor-Patient relationship, and with supplementary counseling services available including an alcoholic counseling component. Service provider shall meet insurance needs for City coverage.

The existing benefits to the members relative to the Doctor-Patient relationship, as contained in the contract between the City and the current provider, shall be maintained as a minimum.

ARTICLE 49 RETIREMENT

- 49.1 Benefits of the Police and Fire Retirement Plan System are to be paid in accordance with the provisions of the plan.
- 49.2 The City shall provide an annual pre-retirement advisory program covering benefits and rights of retired employees. The program shall include retiree tax information, workers' compensation and rehabilitation benefits, and available alternatives to retirement.
- 49.3 Permanent employees represented by the POA who transfer to Fire service shall remain in the Police and Fire Retirement plan while they are in the Fire Academy.
- 49.4 The current formula for calculating retirement benefits is two and one half (2 ½%) percent of final compensation for each year of service with the City up to twenty (20) years, plus four (4%) percent of final compensation for each year of service with the City between 21 - 30 years subject to a maximum of ninety (90%) percent.
- Service from a reciprocal agency may not be combined with the City service in order to earn four (4%) percent per year.
- 49.5 Effective July 1, 2006, the following employee paid plan changes will be in effect for all employees represented by the organization:
- 49.5.1 Elimination of the thirty (30)-day window for the redeposit of withdrawn contributions, allowing for redeposit at anytime for active employees. Total impact to the plan to be paid by affected employee.
 - 49.5.2 Elimination of the thirty (30)-day window for the purchase of service credit for previous Federated Retirement service credit, allowing for purchase at any time for active employees. Total impact to the plan to be paid by affected employee.
 - 49.5.3 The ability to purchase service credit for time on unpaid leave of absence. Total impact to the plan to be paid by affected employee.
- 49.6 In lieu of an enhancement to the current retirement formula (2.5% of final compensation per year for up to 20 years and 4% of final compensation per year for 21-30 years of service), effective June 29, 2008, employees in classifications represented by the POA shall receive a 1.75% base pay increase. The 1.75% base pay increase shall be added to the general wage increase effective on June 29, 2008, and shall not be compounded.

ARTICLE 50

RETIREE HEALTHCARE FUNDING

- 50.1 The City and the Employee Organization agree to transition from the current partial pre-funding of police retiree medical and dental healthcare benefits (referred to as the "policy method") to pre-funding of the full Annual Required Contribution (ARC) for the police retiree healthcare benefits plan ("Plan"). The transition shall be accomplished by phasing into fully funding the ARC over a period of five (5) years beginning June 28, 2009. The Plan's initial unfunded retiree healthcare liability shall be fully amortized over a thirty year period so that it shall be paid by June 30, 2039 (closed amortization). Amortization of changes in the unfunded retiree healthcare liability other than the initial retiree healthcare liability (e.g. gains, losses, changes in actuarial assumptions, etc.) shall be determined by the Plan's actuary. The City and Plan members (active employees) shall contribute to funding the ARC in the ratio currently provided under Section 3.36.575 (C) (1) and (2) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one. Contributions for retiree dental benefits shall be made by the City and members in the ratio of three-to-one. When determining the contribution rates for the Plan, the Plan actuary shall continue to use the Entry Age Normal (EAN) actuarial cost method and a discount rate consistent with the pre-funding policy for the Plan as outlined in this Article.
- 50.2 The City and the Employee Organization further agree that the Municipal Code and/or applicable plan documents shall be amended in accordance with the above agreement and that the Employee Organization will support such amendments.
- 50.3 It is understood that in reaching this agreement, the parties have been informed by cost estimates prepared by the Police and Fire Department Retirement Plan Board's actuary, and that the actual contribution rates to reach full pre-funding of retiree healthcare will differ. The phase-in to the ARC shall be divided in five steps (using a straight line method), each to be effective on the first pay period of the City's fiscal year in each succeeding year. The first increment of the phase-in shall be effective on June 28, 2009. It is understood that because of changes resulting from future actuarial valuations, the amount of each increase may vary upward or downward. The City and Employee Organization agree that the Plan member cash contribution rate shall not have an incremental increase of more than 1.25% of pensionable pay in each fiscal year and the City cash contribution rate shall not have an incremental increase of more than 1.35% of pensionable pay in each fiscal year. For example, if the members' contribution rate is 4% of pensionable pay, the subsequent fiscal year's contribution rate for retiree healthcare cannot exceed 5.25% of pensionable pay.
- 50.4 If, at any time the calculated Plan member cash retiree healthcare contributions exceed 10% of pensionable pay or the calculated City cash retiree healthcare contributions exceed 11% of pensionable pay for the City (excluding implicit

subsidy), the parties shall meet and confer on how to address any retiree healthcare contributions above 10% of pensionable pay for Plan members or 11% of pensionable pay for the City in order to fund the full ARC. Such discussions shall include alternatives to reduce retiree healthcare costs. If the parties are unable to agree on the manner in which to fully fund the retiree healthcare ARC (contributions exceeding 10% of pensionable pay for Plan members or 11% of pensionable pay for the City, excluding implicit subsidy), applicable impasse dispute resolution procedures shall apply.

Nothing in this Article shall be construed to obligate Plan members to pay more than 10% of pensionable pay or the City to pay more than 11% of pensionable pay to fund retiree healthcare.

50.5 The City will establish a qualified trust ("Trust") before June 28, 2009. If the Trust can not be established before June 28, 2009, then the City will hold in a separate reserve any required contributions over the policy method and then deposit, with interest actually earned, into the Trust as soon as practical after the Trust is established.

50.6 It is the objective of the parties that the Trust created pursuant to this agreement shall become the sole funding vehicle for Police retiree healthcare benefits, subject to any legal restrictions under the current plan, or other applicable law.

ARTICLE 51 MODIFICATION OF BARGAINING UNIT WORK

51.1 City Attorney's Office. Officers and Sergeants assigned to the City Attorney's Office may be reassigned to the Police department but such positions will not be civilianized.

51.2 For optimal resource management, the City, in its discretion, may add civilian personnel to perform the work currently performed by sworn personnel provided the following:

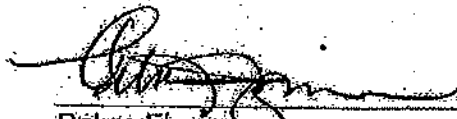
51.2.1 The POA bargaining unit will not be reduced in number of positions as a result of that action,

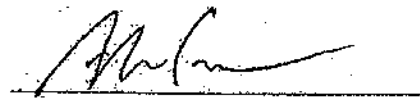
51.2.2 The work is not normally associated with sworn Peace Officer status and does not require a P.O.S.T. certificate. Examples of duties which are normally associated with Peace Officer status include the following:


- criminal investigations
- patrol-related functions
- emergency services
- community policing
- training of sworn personnel on public safety-related issues

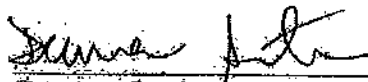
THIS AGREEMENT executed on the 15th day of July, 2010 between the City of San Jose and the San Jose Police Officers' Association, in WITNESS thereof, the appropriate representative if the parties have affixed their signature thereto.

For the City of San Jose:


Debra Figone
City Manager

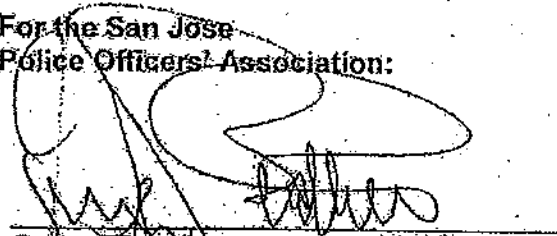

Alex Gurza
Director of Employee Relations

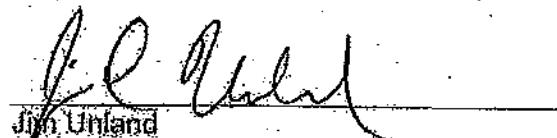

Aracely Rodriguez
Senior Executive Analyst



Deanna Santana
Deputy City Manager

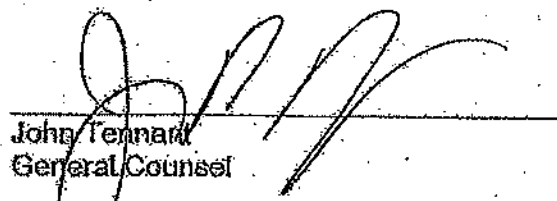

Dave Cavallaro
Deputy Chief of Police

For the San Jose
Police Officers' Association:


George Beattie
President


Jim Unland
Vice President


Franco Vado
Director


John Tennant
General Counsel

RESOLUTION NO 75846

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING AN AGREEMENT BETWEEN THE CITY OF SAN
JOSE AND THE SAN JOSE POLICE OFFICERS' ASSOCIATION
WITH A TERM OF JULY 1, 2011 TO JUNE 30, 2012, OR JUNE
30, 2013

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the Agreement between the City of San José and the San Jose Police Officers' Association (SJPOA), with a term of July 1, 2011 to June 30, 2012, or June 30, 2013, is hereby approved. The City Manager is hereby authorized to execute the Agreement on behalf of the City.
2. The general terms of the Agreement are set out and described in the Memorandum to the Mayor and City Council dated June 3, 2011, from the Director of Employee Relations, which is attached hereto as Attachment A and incorporated in this Resolution.

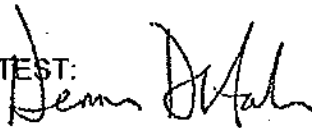
ADOPTED this 14TH day of June, 2011, by the following vote:

| | |
|---------------|---|
| AYES: | CAMPOS, CHU, CONSTANT, HERRERA, KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE, ROCHA; REED. |
| NOES: | NONE. |
| ABSENT: | NONE. |
| DISQUALIFIED: | NONE. |



CHUCK REED
Mayor

ATTEST:



DENNIS D. HAWKINS, CMC
City Clerk

COUNCIL AGENDA: 06/14/11
ITEM: 3.10

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: June 3, 2011

Approved

Date

6/3/11

SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE SAN JOSE
POLICE OFFICERS' ASSOCIATION (SJPOA)

RECOMMENDATION

Adoption of a resolution to approve the terms of a collective bargaining agreement between the City and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2012 or June 30, 2013, and authorizing the City Manager to execute an agreement, pending ratification by the SJPOA membership.

OUTCOME

Adoption of the resolution and authorization to execute an agreement would result in a collective bargaining unit agreement between the City of San Jose and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2012 or June 30, 2013, pending ratification by the SJPOA membership.

BACKGROUND

In November 2010, the City Council in open session approved a goal of reducing the total ongoing employee compensation for all City employees by ten percent (10%). "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance, and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

In addition to the 10% ongoing total compensation reduction approved in November 2010, the City Council approved direction to achieve the following reforms: retirement reform, including 2nd tier pension and retiree healthcare benefits for new hires; options for current employees; SRBR or "13th Check;" sick leave payout; disability leave supplement; and compensation structure.

The San Jose Police Officers' Association represents approximately 1,074 full time budgeted positions in the 2011-2012 Proposed Operating Budget. This bargaining unit includes employees in

the classifications of Police Officer, Police Sergeant, Police Lieutenant, Police Captain and Deputy Chief of Police.

The City commenced negotiations for a successor Memorandum of Agreement (MOA) with the SJPOA in January 2011. The City and the SJPOA reached a Tentative Agreement on June 3, 2011, that achieves a 10% total compensation reduction and includes agreements to continue negotiations on other reforms, including retirement and sick leave payout. The Tentative Agreement is pending ratification by the SJPOA membership. The SJPOA will notify the City of the ratification results prior to the June 14, 2011, City Council meeting.

ANALYSIS

A complete copy of the Tentative Agreement is attached. The following is a summary of the key provisions:

Term and Wages Effective June 26, 2011, all salary ranges for employees represented by SJPOA shall be decreased by approximately 10%. All employees represented by SJPOA shall receive a 10% base pay reduction.

The parties agree that the 10% reduction will begin June 26, 2011. The City contends that the 10% base pay reduction should be ongoing, while the SJPOA contends that it should cease effective June 23, 2012. Because there is no agreement on this issue, the issue of whether or not the 10% reduction should be ongoing or one-time will be submitted to binding interest arbitration under Charter Section 1111.

The parties agree that in accordance with Charter Section 1111, the last offer of settlement for the SJPOA will be that the 10% reduction be one-time, expiring on June 23, 2012 and the City's last offer of settlement will be that the 10% is on-going and continues until modified in future negotiations or arbitration.

The parties agree that if the arbitration panel awards the 10% as one-time, the term of this agreement will be one year and shall expire on June 30, 2012. If the arbitration panel awards the 10% ongoing, the term of this agreement will be two years and shall expire on June 30, 2013.

The parties agree to proceed to arbitration immediately so that an arbitration award can be issued no later than the end of calendar year 2011. The parties also agree that if for any reason a decision from the arbitration panel is not received by June 23, 2012, the 10% reduction shall continue until a final award is issued. The term of the MOA and the 10% will then be pursuant to the terms of the arbitration award.

HONORABLE MAYOR AND CITY COUNCIL
 June 3, 2011
 Subject: Approval of an Agreement with SJPOA
 Page 3 of 6

| | |
|---|---|
| Healthcare Dual Coverage | An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee or retiree. |
| Modified Duty Assignment | Effective October 1, 2011, the number of exempt officer positions shall be reduced to 10. The City agrees to indemnify the association as to any liability arising solely from the implementation of the change in the number of exempt officer positions stated above. |
| Civilianization/ Contracting Out | The City will have the discretion to contract out and/or civilianize twenty positions during the term of this Agreement. Any further contracting out and/or further civilianization of positions represented by the SJPOA during the term of this Agreement would be subject to the meet and confer process. |
| Airport Police Services Outsourcing | At the City's option, Airport Police Services and this service may be contracted out. |
| Subsidy for Public Transit | After calendar year 2011, the City will no longer provide employees with an ECO-Pass. Upon exhaustion of the current supply of Commuter Check Vouchers, vouchers will no longer be available for purchase from the City. |
| Layoff Reinstatement List | The layoff reinstatement eligible lists will be valid for three years. |
| Agency Fee Provision | Upon notice from the SJPOA, the City agrees to implement an agency fee provision as soon as practical. |
| Side Letters | <p>▪ <u>Retirement Reform</u> – The City and SJPOA agree to continue meeting and conferring on pension and retiree healthcare benefits for current and future employees. The negotiations may include modification of healthcare (medical and dental) plans available to current employees, including but not limited to plan design.</p> <p>As part of the negotiations related to retirement reform, the parties will meet and confer regarding an opt in program in which current employees could voluntarily choose to opt out of the current level of pension benefits into a lower level of benefits.</p> <p>In the event that the City and the SJPOA do not reach an agreement on the specific design of an opt in program by November 1, 2011, at the SJPOA's option the City will implement the opt in program that was proposed by the SJPOA during contract negotiations (2.5% for the first</p> |

HONORABLE MAYOR AND CITY COUNCIL
 June 3, 2011
 Subject: Approval of an Agreement with SJPOA
 Page 4 of 6

20 years and 3% after 20 years with an 80% maximum, 2% fixed COLA and 3 year final average salary) effective December 25, 2011, under the following conditions:

1. 40% of the employees represented by the SJPOA sign an irrevocable waiver to elect to go into the opt in program described above. Employees would be required to sign a document indicating that they understand that if the program is implemented, this is an irrevocable election and that they will not be able to opt back into the former tier of benefits.

AND

2. Any implementation of an opt-in program is contingent upon receiving an IRS qualification letter.

Even if 40% of the employees represented by the SJPOA sign an irrevocable waiver to opt in and IRS approval has been received, the SJPOA will have the option not to proceed with implementation of the opt in program. If less than 40% of the employees represented by the SJPOA sign an irrevocable waiver to opt in and IRS approval has been received, the opt in program may still be implemented by mutual agreement of both the City and the SJPOA.

The parties agree that the dates contained herein regarding the opt in program can be modified by mutual agreement of the parties.

The SJPOA expressly acknowledges that this opt in program is not the solution to the costs of the City's retirement benefits and the unfunded liabilities for both pensions and retiree healthcare. The City has informed the SJPOA that even if the opt in program is implemented, further changes will be required to significantly reduce the costs of pension and retiree healthcare benefits and the unfunded liabilities, which may include a substantially lower cost tier for new employees and reduced benefits and/or increased employee contributions for current employees, including those who may elect the opt in program. Neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

- * Sick Leave Payout -- The City and SJPOA agree to continue meeting and conferring on sick leave payout for current and future employees.
- * Layoff -- Either the City or SJPOA may provide notice to the other of its request to meet and confer on modifications, if any, to the City's layoff process and procedures.

- Supplemental Retiree Benefit Reserve (SRBR) -- The City and SJPOA agree to discuss the SRBR program in the Police and Fire Department Retirement Plan.

EVALUATION AND FOLLOW-UP

None.

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the June 14, 2011, City Council Agenda.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

COST IMPLICATIONS

For Fiscal Year 2010-2011, the City and the SJPOA reached an agreement that achieved a 3.82% reduction in total compensation, of which only 0.67% was ongoing. The 0.67% ongoing reduction was due to healthcare plan design changes that were part of that agreement (85/15 cost sharing, \$25 co-pay plan and reduction in health in lien). Per City Council authorization, to reach a 10% total compensation reduction, a 9.33% reduction in total compensation is needed to be achieved for 2011-2012. As part of this tentative agreement, the SJPOA agreed to a 10% base pay reduction that in addition to the 0.67% ongoing total compensation reduction agreed to for 2010-2011 achieves the 10% total compensation reduction.

75846

HONORABLE MAYOR AND CITY COUNCIL
June 3, 2011
Subject: Approval of an Agreement with SIPOA
Page 6 of 6

As directed in the Mayor's March 2011 Budget Message as approved by the City Council, the budgetary savings associated with this action are assumed in the 2011-2012 Proposed Operating Budget which was released on May 2, 2011 as well as the 2011-2012 Proposed Fees and Charges document released on May 7, 2011. The terms of the Tentative Agreement, which includes the 10% base pay reduction, generate additional savings of approximately \$20.7 million in the General Fund based on the positions included in the 2011-2012 Proposed Operating Budget. When factoring the impact of annual retirement and unemployment contributions the actual net savings to the General Fund totals \$12.975 million. These savings also do not include the currently unknown cost increases for healthcare for the second half of 2011-2012.

CEQA

CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions.



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachment

GURZA000568

75846

**CITY OF SAN JOSE AND SAN JOSE POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT**

TERM AND WAGES

See Attached

HEALTHCARE DUAL COVERAGE

See Attached

MODIFIED DUTY ASSIGNMENT

See Attached

CIVILIANIZATION/CONTRACTING OUT

See Attached

AIRPORT POLICE SERVICES OUTSOURCING

See Attached

SUBSIDY FOR PUBLIC TRANSIT

See Attached

HOUSEKEEPING

See Attached

LAYOFF REINSTATEMENT LISTS

See Attached

AGENCY FEE PROVISION

See Attached

75846


CITY OF SAN JOSE AND SAN JOSE POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT

SIDE LETTERS:

- Sick Leave Payout
- Retirement Benefits for current and new employees
- Layoff
- Supplemental Retiree Benefits Reserve (SRBR)

This agreement is still considered tentative and shall not be considered final or binding until ratified by the membership and approved by the City Council. This document sets forth the full agreements of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.

FOR THE CITY:



Alex Gurza 6-3-11
Director of Employee Relations Date

FOR THE UNION:



George Seattle 6/3/2011
San Jose Police Officers' Association Date

2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT

TERM AND WAGES

ARTICLE 5 WAGES AND PREMIUM PAY

5.1 Effective June 26, 2011, all salary ranges for employees represented by the POA shall be decreased by approximately 10%. This will result in the top and bottom of the range of all classifications represented by the POA being 10% lower. All employees will receive a 10% base pay reduction.

The parties agree that the 10% reduction will begin June 26, 2011. The City contends that the 10% base pay reduction should be ongoing, while the POA contends that it should cease effective June 23, 2012. Because there is no agreement on this issue, the issue of whether or not the 10% reduction should be ongoing or one-time will be submitted to binding interest arbitration under Charter Section 1111.

The parties agree that in accordance with Charter Section 1111, the last offer of settlement for the POA will be that the 10% reduction be one-time, expiring on June 23, 2012 and the City's last offer of settlement will be that the 10% is on-going and continues until modified in future negotiations or arbitration.

The parties agree that if the arbitration panel awards the 10% as one-time, the term of this agreement will be one year and shall expire on June 30, 2012. If the arbitration panel awards the 10% ongoing, the term of this agreement will be two years and shall expire on June 30, 2013.

The parties agree to proceed to arbitration immediately so that an arbitration award can be issued no later than the end of calendar year 2011. The parties also agree that if for any reason a decision from the arbitration panel is not received by June 23, 2012, the 10% reduction shall continue until a final award is issued. The term of the MOA and the 10% will then be pursuant to the terms of the arbitration award.

5.1 ~~ONE TIME ADDITIONAL RETIREMENT CONTRIBUTIONS~~

~~Effective June 27, 2010 through June 26, 2011, all employees represented by the POA will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost of living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by~~

**2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT**

employees to reduce the City's required pension retirement contribution rate by a commensurate 5.25% of pensionable compensation, as illustrated below:

| Police and Fire Department Retirement (Police) (Fiscal Year 2010-2011) | | | |
|--|--------|----------|--------|
| Current Contribution Rates | City | Employee | Total |
| Contribution Rates with Additional Employee Contributions | 44.58% | 15.67% | 60.15% |
| | 39.33% | 20.82% | 60.15% |

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010, (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base

**2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT**

~~pay reduction and will increase on a pro rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.~~

~~In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.~~

- 9.1 ~~Employees shall receive a uniform allowance not to exceed \$675 annually. Payment shall be made during the first two pay periods of each month, in the amount of \$28.12 per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period. Effective September 6, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.~~

2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT

HEALTHCARE DUAL COVERAGE

8.1 Health Insurance Coverage.

- 8.1.5 ~~Effective January 1, 2011, a~~ An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee or retiree.

8.2 Dental Plan

- 8.2.3 ~~Effective January 1, 2011, a~~ An employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee or retiree.

2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT

MODIFIED DUTY ASSIGNMENT

ARTICLE 39 MODIFIED DUTY ASSIGNMENT

Modified duty assignments shall be governed by the Consent Decree dated June 21, 2005, for the term of this agreement, except as modified below.

Effective October 1, 2011, the number of exempt officer positions shall be reduced to 10.

The City agrees to indemnify the association as to any liability arising solely from the implementation of the change in the number of exempt officer positions stated above. The indemnification also extends to the act of Association in cooperating in the defense of this change in the number of exempt officer positions before any forum. However, the City will not indemnify the Association for any liability caused by separate acts or omissions independent of the acts related to the reduction in the number of exempt officer positions. For example, the City would not indemnify the Association if the Association is found liable for misrepresentation or nondisclosure to its membership, or liable for any breach of duty of fair representation other than a breach predicated solely on the acts or omissions related to the change in the number of exempt officer positions.

The City will not pay attorneys' fees to or on behalf of the Association but at the sole option of the Association, the City Attorney's Office will defend the Association against claims or lawsuits arising from implementation of the change in the number of exempt officer positions so long as the Association waives any conflict of interest, actual or potential, arising out of the representation by the City Attorney's Office. However, legal counsel for the City shall keep the Association informed of all developments particularly as to any possible settlement of the dispute/litigation. The Association shall have the right to participate in the defense.

The City's obligation to indemnify, as described above, is conditioned upon the City having primary authority for the defense. The Association and the City Attorneys shall cooperate in the defense of the case. The Association may not agree to any settlement involving its financial liability without consent of the City.

City of San Jose
June 3, 2011

GURZA000575

**2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT**

CIVILIANIZATION/CONTRACTING OUT

ARTICLE 51 MODIFICATION OF BARGAINING UNIT WORK

- ~~51.1 City Attorney's Office. Officers and Sergeants assigned to the City Attorney's Office may be reassigned to the Police department but such positions will not be civilianized.~~
- ~~51.2 For optimal resource management, the City, in its discretion, may add civilian personnel to perform the work currently performed by sworn personnel provided the following:~~
- ~~51.2.1 The POA bargaining unit will not be reduced in number of positions as a result of that action.~~
- ~~51.2.2 The work is not normally associated with sworn Peace Officer status and does not require a P.O.S.T. certificate. Examples of duties which are normally associated with Peace Officer status include the following:~~
- ~~_____ criminal investigations~~
 - ~~_____ patrol related functions~~
 - ~~_____ emergency services~~
 - ~~_____ community policing~~
 - ~~_____ training of sworn personnel on public safety related issues~~
 - ~~_____ processing of prisoners, and~~
- ~~51.2.3. The City conducts a meeting with the POA to discuss operational impact prior to making a final decision.~~
- ~~51.3 It is understood by the parties that Investigative Aides and Community Service Officers are applicable to subsection 51.2.2 of this provision.~~
- ~~51.4 During the term of the 2008-10 agreement no more than fifteen (15) sworn positions will be "civilianized". In accordance with subsection 51.2. Any further civilianization, as defined by this section, would be subject to the meet and confer process at the expiration of this MOA.~~
- ~~51.5 The parties will evaluate the effects and success of subsections 51.2-51.4 at the end of this agreement. Agreed upon modifications, if any, shall be included in the following agreement.~~
- 51.1 The City has the discretion to contract out and/or civilianize twenty positions during the term of this Agreement.
- 51.2 Any contracting out and/or further civilianization of positions represented by the POA during the term of this Agreement would be subject to the meet and confer process. The City will provide advance notice to the POA and the opportunity to demand to meet and confer regarding contracting out and/or further civilianization of work currently performed by bargaining unit members.

City of San Jose
June 3, 2011

GURZA000576

2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT

75846

AIRPORT POLICE SERVICES OUTSOURCING

At the City's option, employees represented by the POA will no longer provide Airport Police Services and this service will be contracted out.

City of San Jose
June 3, 2011

GURZA000577

75846

2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT

**PUBLIC TRANSIT SUBSIDY (ECO-PASS AND SUBSIDIZED COMMUTER CHECK
VOUCHER PROGRAM)**

ECO-Pass

After calendar year 2011, the City will no longer provide employees an ECO-Pass. This means that any employee in possession of a 2011 ECO-Pass provided by the City may continue its use through calendar year 2011. Beginning calendar year 2012, the City will cease providing an ECO-Pass.

Commuter Check Program

Upon exhaustion of the current supply of Commuter Check Vouchers, the Vouchers will no longer be available to employees for purchase from the City. This means that the subsidized Commuter Check Voucher Program is eliminated after the current supply of Commuter Check Vouchers are exhausted.

City of San Jose
June 3, 2011

GURZA000578

2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT

HOUSEKEEPING

5.2.9 Anti-Terrorist Training Pay

~~5.2.10.1 Each employee assigned to classifications represented under this Memorandum of Agreement who on an annual basis successfully completes the annual training offered by the Police Department in Police Anti-Terrorist Tactics shall be paid, for each biweekly pay period for which he/she is entitled to receive a salary under the provisions of this agreement, additional compensation equal to five (5%) percent of the employee's base pay. Each eligible employee must certify annually, every September 1, by the Police Department as having successfully completed the annual training in order to be eligible to continue to receive the pay. The incentive pay will begin the first day of the pay period following the date the Police Department submits certification to the City's Finance Department for the employees who have successfully completed the training. Employees will not be eligible for this premium until such time he/she successfully completes the annual training and submits verification to the Finance Department. No overtime compensation per Article 13.6 shall be provided for Officers' completion of this training.~~

~~5.2.10.2 This incentive pay shall be pensionable.~~

~~5.2.10.3 The five (5%) percent incentive pay will be included in salary surveys submitted by each party in future negotiations and arbitration, if applicable.~~

5.2.10.4] Effective March 22, 2009, the 5% Anti-Terrorist Training pay will be rolled into base pay in recognition of the additional training that all employees represented by the POA receive related to Police Anti-Terrorist Tactics. Employees must successfully complete the Police Department's annual Police Anti-Terrorist Tactics training each year as a condition of continued employment. There shall be no additional compensation for the completion of Anti-Terrorism Training.

**2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT**

ARTICLE 8 INSURANCE BENEFITS

8.1 Health Insurance Coverage

8.1.1 Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.

~~8.1.2 The City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten percent (10%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.~~

~~8.1.38.1.2 Effective December 26, 2010, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.~~

~~8.1.48.1.3 Co-pays for all available HMO plans shall be as follows: A \$25 Co-pay plan shall be implemented for all HMO plans, including the following changes:~~

- ~~a. Office Visit Co-pay: \$10~~
- ~~b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)~~
- ~~c. Emergency Room Co-pay: \$50~~

~~Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:~~

- a. Office Visit Co-pay shall be increased to \$25.
- b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name.
- c. Emergency Room Co-pay shall be increased to \$100.
- d. Inpatient/Outpatient procedure copay shall be increased to \$100.

8.3 Payment-in-Lieu of Health and/or Dental Insurance Program

8.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

**2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT**

8.3.2 ~~Employees who qualify for and participate in the payment in lieu of health and/or dental insurance program will receive fifty (50%) percent of the City's contribution toward his/her health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty (50%) percent of that contribution.~~

~~Effective December 26, 2010, e~~Employees who qualify for and participate in the payment in lieu of health and/or dental insurance program will receive the following per payperiod.

| | Health in-lieu | Dental in-lieu |
|-------------------------------------|----------------|----------------|
| If eligible for family coverage | \$221.84 | \$19.95 |
| If NOT eligible for family coverage | \$89.09 | \$19.95 |

ARTICLE 23 HOLIDAYS

23.1 ~~Subject to the provisions of Section 23.2 of this Article, each employee shall be entitled to receive, as a holiday benefit from and after July 14, 1985, in lieu of any other holidays (excepting any other days proclaimed or designated by the Council as holidays for which full-time employees will be entitled to holiday leave), 3.3847 hours of time off from duty for each biweekly pay period from and after July 14, 1985. Said holiday benefit shall be given to each employee at the time to be determined by the City Manager, in his/her discretion, or by the Chief of Police with the approval of the City Manager, either before or after the biweekly pay period for which such benefit is provided hereby, but in no event shall such benefit for any biweekly pay period be given before the beginning of the calendar year within which falls the biweekly pay period for which such benefit is given, nor later than twenty-six (26) biweekly pay periods immediately following the biweekly pay period for which such benefit is given.~~

23.2 ~~If, at any time on or before the expiration of twenty-six (26) biweekly pay periods immediately following the biweekly pay period during and for which any full-time employee becomes entitled to time off duty as a holiday benefit under the provisions of 23.1 of this Article, the City Manager shall find or determine that to give any such benefit would seriously impair the efficiency of the Police Department, the City Manager may order that such employee shall receive, in lieu of the holiday benefit to which he/she would otherwise be entitled for any biweekly pay period under the provisions of Section 23.1, as extra holiday compensation 5.623% of his/her regular salary during said biweekly pay period of full-time employment.~~

23.2.1 ~~The wage increase effective July 2, 2006 includes consideration specific to the settlement of the Holiday-In-Lieu grievance filed on August 2, 2002. The terms of this settlement are set forth in a separate agreement dated December 7, 2006.~~

**2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT**

- 23.3 Effective June 28, 2009, all classifications represented by the POA shall receive a 5.623% special pay adjustment in place of the holiday-in-lieu compensation provided in 23.2 above. Beginning June 28, 2009 and continuing thereafter, the holiday benefit in lieu compensation provided in 23.1 and 23.2 above shall cease to apply to all classifications represented by the POA. The 5.623% special pay adjustment shall be added to the general wage increase effective on June 28, 2009, and shall not be compounded. It is expressly understood that the 5.623% special pay adjustment is compensation for all employees in classifications represented by the POA in lieu of holiday benefits. There shall be no additional holiday compensation.

ARTICLE 30 VACATIONS

- 30.1 Each eligible full-time employee shall be granted vacation leave with pay in accordance with the following:

- 30.1.1 **Vacation Accrual.** Each employee shall accrue a leave of absence with full pay for vacation purposes, in the amount specified below for each cycle of twenty-six (26) full biweekly pay periods immediately preceding December 31st, or portion thereof, in each year of his/her employment as specified below:

| <u>Years of Service</u> | <u>Hours of Vacation per 26 Pay Period Cycle</u> |
|-------------------------|--|
| 1st 5 years | 80 hours |
| 6th year - 10th year | 120 hours |
| 11th year - 12th year | 140 hours |
| 13th year - 14th year | 160 hours |
| 15th year or more | 180 hours |

- 30.1.2 **Carry-Over of Vacation Leave**

~~An employee may carry over to the next subsequent cycle of twenty-six (26) biweekly pay periods, not more than 200 hours of unused vacation leave, together with any earned vacation leave which he/she is prevented from using in the former cycle, during which it is accrued, because of service-connected disability. This carryover process shall expire at the end of the 2009 payroll calendar year.~~

~~Effective the first payperiod of payroll calendar year 2010, Employees shall not be allowed to accrue vacation in excess of two times their annual vacation accrual rate. Once the maximum accumulation has occurred, vacation will cease to accrue until the employee's vacation balance has fallen under their maximum vacation accrual amount.~~

~~Effective the first payperiod of payroll calendar year 2010, Any employee who is already above two times their annual vacation accrual rate, will cease from accruing vacation until they have used enough vacation to bring them below their maximum accrual amount.~~

75846

**2011 CITY OF SAN JOSE – POA NEGOTIATIONS
TENTATIVE AGREEMENT**

30.1.3 ~~Effective the first payperiod of payroll calendar year 2010, o~~ Employees will only be allowed to use vacation that has already been accrued.

7.1.4 ~~Each person who as of July 1, 1960, had been continuously employed as a San Jose Police Officer for a period of fifteen (15) years or more, who was awarded the Basic Certificate given by the Commission on Peace Officer Standards and Training of the State of California on or before February 15, 1970, and who, on or before March 1, 1970, filed with the Director of Finance proof that he/she had been awarded said Basic Certificate on or before February 15, 1970, shall be entitled to the compensation provided in Section 7.1.2.~~

2011 CITY OF SAN JOSE - POA NEGOTIATIONS
TENTATIVE AGREEMENT

75846

LAYOFF REINSTATEMENT LIST

22.6 Layoff Reinstatement Eligible List

22.6.1 The names of such persons laid off in accordance with the provisions of this Article shall be placed upon a reinstatement eligible list in inverse order of seniority; i.e., the person with the greatest seniority on the reinstatement eligible list for the classes affected shall be offered reinstatement when a vacancy exists in the affected class. In the event the person refuses the offer of reinstatement, such person's name shall be removed from the reinstatement eligible list unless such person has reinstatement rights under the provisions of this Topic to a higher class than the one in which the reinstatement is being refused.

22.6.2 In the event an employee accepts reinstatement to a lower class to which he/she is entitled, such person's name shall remain on the reinstatement eligible list for reinstatement to a lateral class provided such person, except for lack of seniority, would have been otherwise entitled to such lateral class at the time of the most recent layoff.

22.6.3 Any person who is reinstated to a class, which is the highest class to which he/she would have been entitled at the time of layoff, shall have his/her name removed from the reinstatement eligible list.

22.6.4 In the event a person on layoff cannot be contacted by the City through usual and customary channels within ten (10) working days, such person's name shall be removed from the reinstatement eligible list, providing, however, that such person within the two-year period specified herein may request that his/her name be replaced on the reinstatement eligible list and such person's name may, in the sole discretion of the Director of Human Resources, be returned to the reinstatement eligible list.

22.6.5 In no event shall the names of any person laid off pursuant to the provisions of this Article remain on a reinstatement eligible list for a period longer than two-three years from the effective date of such person's most recent layoff.

2011 CITY OF SAN JOSE -- POA NEGOTIATIONS
TENTATIVE AGREEMENT

75846

AGENCY FEE PROVISION

Upon notice from the POA, the City agrees to implement an agency fee provision as soon as practical.

75846

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

SAN JOSE POLICE OFFICERS' ASSOCIATION

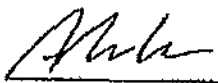
SICK LEAVE PAYOUT

The City and the San Jose Police Officers' Association agree to continue meeting and conferring on sick leave payout (Article 31.2) for current and future employees.

Either the City or Union may provide notice to the other of its request to meet and confer. Upon such notice, the parties shall continue these negotiations within ten (10) calendar days after the City or Union receives notice from the other. The City and Union shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached, the parties shall submit the issues for determination in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367 and/or City Charter Section 1111.



This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

 6-3-11

Alex Gurza Date
Director of Employee Relations

FOR THE UNION:


 6/3/2011

George Seattle Date
President, San Jose Police Officers' Association

GURZA000586

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

SAN JOSE POLICE OFFICERS' ASSOCIATION

RETIREMENT REFORM

The City and the San Jose Police Officers' Association agree to continue meeting and conferring on pension and retiree healthcare benefits for current and future employees, including but not limited to healthcare benefits. The negotiations may include modification of healthcare (medical and dental) plans available to current employees, including but not limited to plan design.

Either the City or Union may provide notice to the other of its request to meet and confer. Upon such notice, the parties shall continue these negotiations within ten (10) calendar days after the City or Union receives notice from the other. The City and Union shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached, the parties shall submit the issues for determination in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39387 and/or City Charter Section 1111.

Opt In Program

As part of the negotiations related to retirement reform, the parties will meet and confer regarding an opt in program in which current employees could voluntarily choose to opt out of the current level of pension benefits into a lower level of benefits.

In the event that the City and the POA do not reach an agreement on the specific design of an opt in program by November 1, 2011, at the POA's option the City will implement the opt in program that was proposed by the POA during contract negotiations (2.5% for the first 20 years and 3% after 20 years with an 80% maximum, 2% fixed COLA and 3 year final average salary) effective December 25, 2011, under the following conditions:

1. 40% of the employees represented by the POA sign an irrevocable waiver to elect to go into the opt in program described above. Employees would be required to sign a document indicating that they understand that if the

program is implemented, this is an irrevocable election and that they will not be able to opt back into the former tier of benefits.

AND

2. Any implementation of an opt-in program is contingent upon receiving an IRS qualification letter.

Even if 40% of the employees represented by the POA sign an irrevocable waiver to opt in and IRS approval has been received, the POA will have the option not to proceed with implementation of the opt in program. If less than 40% of the employees represented by the POA sign an irrevocable waiver to opt in and IRS approval has been received, the opt in program may still be implemented by mutual agreement of both the City and the POA.

The parties agree that the dates contained herein regarding the opt in program can be modified by mutual agreement of the parties.

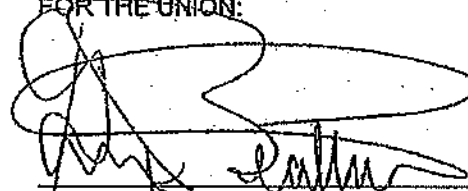
The POA expressly acknowledges that this opt in program is not the solution to the costs of the City's retirement benefits and the unfunded liabilities for both pensions and retiree healthcare. The City has informed the POA that even if the opt in program is implemented, further changes will be required to significantly reduce the costs of pension and retiree healthcare benefits and the unfunded liabilities, which may include a substantially lower cost tier for new employees and reduced benefits and/or increased employee contributions for current employees, including those who may elect the opt in program. Neither party waives any legal rights including the Union's nor any member's right to assert that certain benefits are vested.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:

 6-3-11
 Alex Gurza Date
 Director of Employee Relations

FOR THE UNION:

 6/3/2011
 George Beattie Date
 President, San Jose Police Officers' Association

75846

Side Letter Agreement

BETWEEN

THE CITY OF SAN JOSE

and

SAN JOSE POLICE OFFICERS' ASSOCIATION


LAYOFF

Either the City or Union may provide notice to the other of its request to meet and confer on modifications to the City's layoff process and procedure, including the provisions of the Layoff article in the Memorandum of Agreement. Upon such notice, the parties shall meet within ten (10) calendar days after the City or Union receives notice from the other. The City and Union shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached, the parties shall submit the issues for determination in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367 and/or City Charter Section 1111.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.


FOR THE CITY:

FOR THE UNION:



Alex Gurza Date
Director of Employee Relations

6-3-11



George Brattis Date
President, San Jose Police Officers' Association

6/3/2011

GURZA000589

Side Letter Agreement
BETWEEN
THE CITY OF SAN JOSE
and
SAN JOSE POLICE OFFICERS' ASSOCIATION

SUPPLEMENTAL RETIREE BENEFIT RESERVE (SRBR)

The City and the San Jose Police Officers' Association agree to discuss the Supplemental Retiree Benefit Reserve (SRBR) program in the Police and Fire Department Retirement Plan.

Either the City or Union may provide notice to the other of its request to discuss the SRBR program. Upon such notice, the parties shall continue these discussions within ten (10) calendar days after the City or Union receives notice from the other.

To the extent that any change to the SRBR program is a mandatory subject of bargaining, the City and Union shall meet and confer in good faith in an effort to reach a mutual agreement. If the parties are at impasse and no agreement is reached on those issues that are a mandatory subject of bargaining, the parties shall submit such issues for determination in accordance with the applicable provisions under the Employer-Employee Relations Resolution No. 39367 and/or City Charter Section 1111.

This Agreement is tentative and shall become effective only as part of the overall agreement on, and only during the term of, a successor Memorandum of Agreement.

FOR THE CITY:



Alex Gurza 6-3-11 Date
Director of Employee Relations

FOR THE UNION:



George Beattie 6/3/2011 Date
President, San Jose Police Officers' Association

RESOLUTION NO 76118

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING AN AGREEMENT BETWEEN THE CITY OF SAN
JOSE AND THE SAN JOSE POLICE OFFICERS' ASSOCIATION
WITH A TERM OF JULY 1, 2011 TO JUNE 30, 2013**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the Agreement between the City of San José and the San Jose Police Officers' Association (SJPOA), with a term of July 1, 2011 to June 30, 2013, is hereby approved. The City Manager is hereby authorized to execute the Agreement on behalf of the City.
2. The general terms of the Agreement are set out and described in the Memorandum to the Mayor and City Council dated December 21, 2011, from the Director of Employee Relations, which is attached hereto as Attachment A and incorporated in this Resolution.

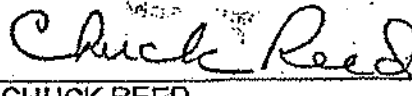
ADOPTED this 10th day of January, 2012, by the following vote:

AYES: CAMPOS, CHU, CONSTANT, HERRERA, KALRA,
LICCARDO, NGUYEN, OLIVERIO, PYLE, ROCHA, REED.


NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.


CHUCK REED
Mayor

ATTEST


DENNIS D. HAWKINS, CMC
City Clerk

COUNCIL AGENDA: 01/10/12
ITEM:

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: December 21, 2011

Approved: 

Date 12/21/11

SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE SAN
JOSE POLICE OFFICERS' ASSOCIATION (SJPOA)

RECOMMENDATION

Adoption of a resolution to approve the terms of a collective bargaining agreement between the City and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2013, and authorizing the City Manager to execute an agreement.

OUTCOME

Adoption of the resolution and authorization to execute an agreement would result in a collective bargaining unit agreement between the City of San Jose and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2013.

BACKGROUND

In November 2010, the City Council in open session approved a goal of reducing the total ongoing employee compensation for all City employees by ten percent (10%). "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance, and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

In addition to the 10% ongoing total compensation reduction approved in November 2010, the City Council approved direction to achieve the following reforms: retirement reform, including 2nd tier pension and retiree healthcare benefits for new hires; options for current employees; SRBR or "13th Check;" sick leave payout; disability leave supplement; and compensation structure.

The San Jose Police Officers' Association represents approximately 1,085 full time budgeted positions. This bargaining unit includes employees in the classifications of Police Officer, Police Sergeant, Police Lieutenant, Police Captain and Deputy Chief of Police.

HONORABLE MAYOR AND CITY COUNCIL
 December 21, 2011
 Subject: Approval of an Agreement with SJPOA
 Page 2 of 4

The City commenced negotiations for a successor Memorandum of Agreement (MOA) with the SJPOA in January 2011. The City and the SJPOA reached a Tentative Agreement on June 3, 2011, that achieves a 10% total compensation reduction and includes agreements to continue negotiations on other reforms, including retirement and sick leave payout. The Agreement was ratified by the membership and approved by the City Council on June 14, 2011.

The Agreement reached on June 3, 2011, included a 10% wage reduction beginning June 26, 2011. The City contended that the 10% base pay reduction should be ongoing, while the SJPOA contended that it should cease effective June 23, 2012. Because there was no agreement on this issue, the issue of whether or not the 10% reduction should be ongoing or one-time would be submitted to binding interest arbitration under Charter Section 1111. The parties further agreed that in accordance with Charter Section 1111, the last offer of settlement for the SJPOA in arbitration would be that the 10% reduction be one-time, expiring on June 23, 2012, and the City's last offer of settlement would be that the 10% is on-going and continues until modified in future negotiations or arbitration. If the arbitration panel awarded the 10% as one-time, the term of the agreement would be one year and expire on June 30, 2012. If the arbitration panel awarded the 10% ongoing, the term of the agreement would be two years and expire on June 30, 2013. Lastly, the parties agreed to proceed to arbitration immediately so that an arbitration award can be issued no later than the end of calendar year 2011. If for any reason a decision from the arbitration panel was not received by June 23, 2012, the 10% reduction would continue until a final award was issued.

As required by Charter Section 1111, the arbitration panel, a retired judge of the Superior Court, a representative selected by the City and a representative selected by the POA were scheduled to commence the binding interest arbitration hearings on December 12, 2011. However, the parties reached an agreement that avoided interest arbitration.

ANALYSIS

A complete copy of the Tentative Agreement is attached. The following is a summary of the key provisions:

| | |
|-----------------------------|---|
| Term | July 1, 2011 – June 30, 2013. |
| Wages | Effective June 26, 2011, all salary ranges for employees represented by the POA were decreased by approximately 10%. The 10% wage reduction shall remain the "status quo" unless and until it is modified through mutual agreement or through the decision of an arbitrator pursuant to Section 1111 of the San Jose City Charter. |
| Interest Arbitration | <p>The parties agree that the issues of any successor agreement should be resolved prior to the expiration of the MOA (June 30, 2013).</p> <ul style="list-style-type: none"> • The parties will begin negotiations no later than January 1, 2013. • In the event no agreement is reached prior to April 30, 2013, the parties shall begin interest arbitration under Section 1111 no later than May 1, |

HONORABLE MAYOR AND CITY COUNCIL
 December 21, 2011
 Subject: Approval of an Agreement with SJPOA
 Page 3 of 4

2013, and the arbitrator shall issue a decision no later than May 31, 2013.

- The parties shall preselect the arbitrator, who shall certify his or her ability to meet the timelines indicated above, and shall complete or wave mediation before April 30.

If the City Council exercises its prerogative to place a ballot measure eliminating interest arbitration on the ballot, the parties shall immediately begin negotiations. Interest arbitration shall be scheduled to begin no later than 30 days prior to the effective date of the ballot measure and the arbitration award shall be issued before the measure's effective date.

In addition, the Side Letters regarding retirement reform, sick leave payout, layoffs and the Supplemental Retiree Benefit Reserve (SRBR), and all other terms that were achieved in June 2011, would continue.

EVALUATION AND FOLLOW-UP

Nona.

PUBLIC OUTREACH/INTEREST

- ☒ Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ Criteria 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the January 10, 2012, City Council Agenda.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

76118

HONORABLE MAYOR AND CITY COUNCIL
December 21, 2011
Subject: Approval of an Agreement with SJPOA
Page 4 of 4

COST IMPLICATIONS

Because the 2012-2013 Preliminary General Fund Forecast released in November 2011 assumed the ongoing nature of the 10% total compensation reduction approved in 2011-2012, the terms of the Tentative Agreement avoids additional costs of approximately \$22 million in the General Fund in 2012-2013.

CEQA

CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions.



Alex Gurza
Deputy City Manager

For questions please contact Alex Gurza, Deputy City Manager, at (408) 535-8150.

Attachment

GURZA000595

City of San Jose
and
San Jose Police Officers' Association

**Tentative Agreement on Wages and Term
December 7, 2011**

The following represents the Parties' agreement to settle the terms of the interest arbitration provided for in Section 5.1 of the June 3, 2011, Tentative Agreement between the parties.

1. **Wages.** Effective June 26, 2011, all salary ranges for employees represented by the POA were decreased by approximately 10%. This resulted in the top and bottom of the range of all classifications represented by the POA being 10% lower. The parties agree that the 10% wage reduction shall remain the "status quo" unless and until it is modified through mutual agreement or through the decision of an arbitrator pursuant to Section 1111 of the San Jose City Charter.
2. **Term.** The term of the POA MOA will be two years and shall expire on June 30, 2013.
3. **Interest Arbitration.**
 - a. The parties agree that the issues of any successor agreement should be resolved prior to the expiration of the MOA (June 30, 2013). To that end, the parties agree
 - i. The parties will begin negotiations no later than January 1, 2013.
 - ii. In the event that no agreement has been reached prior to April 30, 2013, the parties shall begin interest arbitration under Section 1111 no later than May 1, 2013, and the arbitrator shall issue a decision no later than May 31, 2013.
 - iii. The parties shall preselect the arbitrator, who shall certify his or her ability to meet the timelines indicated above, and shall complete or waive mediation before April 30.
 - b. If the City Council exercises its prerogative to place a ballot measure eliminating interest arbitration on the ballot, the parties shall immediately begin negotiations. Interest arbitration shall be scheduled to begin no later than thirty (30) days prior to the effective date of the ballot measure and the arbitration award shall issue before the measure's effective date.
4. **Limitations.** This tentative agreement is intended to apply only to the specific terms in this agreement and shall not affect any other terms of the MOA or its side letters, including agreements to reopen on specific topics.

This agreement is still considered tentative and shall not be considered final or binding until ratified by the membership and approved by the City Council. This document sets forth the full agreement of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.

For the City:



December 7, 2011

For the Association:



December 7, 2011

RESOLUTION NO: 75363

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING CHANGES TO COMPENSATION AND BENEFITS FOR EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND OTHER UNREPRESENTED EMPLOYEES IN UNITS 81 AND 82, EFFECTIVE JUNE 27, 2010, AND DEFERRING CHANGES TO SICK LEAVE PAYOUT FOR FORMER EMPLOYEES THAT HAVE AT LEAST FIFTEEN YEARS OF SERVICE IN THE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM, BUT HAVE NOT YET RETIRED, UNTIL JUNE 3, 2010

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE THAT:

1. Except as set forth in paragraph 2 below, the terms of the changes to the compensation and benefits for Executive Management and Professional Employees in Unit 99 and other Unrepresented Employees in Units 81 and 82 are set out and described in the Memorandum to the Mayor and City Council dated April 13, 2010, from the City Manager, attached hereto as Attachment A and, effective June 27, 2010, are hereby approved.
2. That the changes to Sick Leave Payout for former employees that have at least fifteen years of service in the Federated City Employees' Retirement System at the time the employees left City employment, but have not yet retired, will be deferred until June 3, 2010 in order to allow staff to provide additional information.


ADOPTED this 27th day of April, 2010, by the following vote:

AYES: CHIRCO, CHU, HERRERA, LICCARDO, PYLE; REED.

NOES: CAMPOS, CONSTANT, KALRA, NGUYEN, OLIVERIO.

ABSENT: NONE.

DISQUALIFIED: NONE.


CHUCK REED
Mayor

ATTEST:


LEE PRICE, MMC
City Clerk

ATTACHMENT A

COUNCIL AGENDA: 04/27/10
ITEM: 2.3



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

75363

SUBJECT: SEE BELOW

DATE: April 13, 2010

SUBJECT: COMPENSATION AND BENEFIT CHANGES FOR EXECUTIVE
MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99,
OTHER UNREPRESENTED EMPLOYEES, AND THE CITY MANAGER

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

Adoption of a resolution approving compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees, effective June 27, 2010.

OUTCOME

Adoption of the resolution and authorization to approve compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees, effective June 27, 2010.

BACKGROUND

Executive Management and Professional Employees (Unit 99) consists of approximately 240 FTEs, including Senior Staff, Executive Staff, senior managers under the City Manager's Appointing Authority, Council Office staff, and professional or management employees under the appointing authority of the City Attorney, City Auditor, and Independent Police Auditor. In addition, there are employees in Unit 99 who work in the City Clerk's Office and the Redevelopment Agency. The annual base pay of employees in Unit 99 ranges from approximately \$32,000 to \$227,000. Employees in Unit 99 are exempt employees and therefore do not receive overtime.

The category of Other Unclassified Non-Management employees (Units 81 and 82) includes the Analyst- Independent Police Auditor classification under the appointing authority of the Independent Police Auditor and part-time unbenefitted employees, such as Lifeguards and Student Interns. Employees in this group progress through steps in the salary ranges to the top step, automatically, after working a designated amount of time (six months or one year) at a particular salary step.

HONORABLE MAYOR AND CITY COUNCIL

April 13, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees
Page 2 of 5

The recommended compensation changes for Executive Management (Unit 99) and unrepresented employees are consistent with changes recommended in the Association of Building, Mechanical and Electrical Inspectors' (ABMEI) Last, Best and Final Offer. Please note that there are differences in the base pay reduction for ABMEI employees and Unit 99 employees because of the differences in the percentages of pay versus benefits for total compensation. Each package for these two groups, however, equals a 5% total compensation reduction. Further, the changes meet the goal that the City Council set in November 2009 for a 5% ongoing total compensation reduction. Discussions are still occurring about the additional 5% reduction goal set in March 2010, and the results of these discussions to meet this goal will be brought forward by June 3, 2010. Options under discussion include furloughs and additional retirement contributions towards the unfunded pension liability.

Changes in compensation for the six Council Appointees (City Manager, City Attorney, City Clerk, City Auditor, Independent Police Auditor, and the Redevelopment Agency Executive Director) are determined by separate Council action. For example, last year the City Manager, the City Attorney, the City Clerk and the City Auditor received a 3.75% reduction in pay.

As City Manager, I recommend to the Mayor and Council that I be included in the compensation and benefit changes for Unit 99, as well as any other changes that the Mayor and Council decide will be applicable to the Council Appointees. It should be noted that other Appointees have expressed interest in being included in the same compensation and benefit changes recommended in this memo. However, this is a decision for the Mayor and Council and for that reason, they have not been included in this memorandum.

ANALYSIS

The following is a summary of the compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees that are recommended to be implemented upon approval by the City Council:

| | |
|---|--|
| Wage Reduction | Reduce current base pay by approximately 4.75% effective June 27, 2010 for all Unit 99, 81, & 82 employees. |
| Freezing of Step/Merit Increases | Employees in Unit 99 are not eligible for automatic step increases. They can receive performance-based increases, however, as part of the approved 2009-2010 budget balancing strategy, employees in Unit 99 will not be receiving any performance-based increases in 2010-2011. (Performance-based increases were also not awarded in 2009-2010 as part of the aforementioned budget balancing strategy.) |

Employees in Unit 81 and Unit 82, who are not already at top step are eligible to receive a 5.00% step increase during each fiscal year until the employee reaches top step. Effective June 27, 2010, all Unit 81 and 82 employees will have step and merit increases frozen for 26 pay periods. After 26 pay periods, employees in Unit 81 and 82 will become eligible for step increases upon completion of an additional 2080 seniority hours after the date they did not receive a step increase for which they were previously eligible.

April 13, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees
Page 3 of 5

**Healthcare
Cost Sharing**

Currently, the City pays ninety (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten (10%).

Effective June 27, 2010, the City will pay eighty five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen (15%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

**Healthcare
HMO Plan Design**

The current HMO Plan Design provides for \$10 office visit co-pay, \$5 generic and \$10 brand name prescription co-pays, and a \$50 emergency room co-pay.

Effective July 1, 2010, co-pays for all available HMO plans shall be as follows:

- a. \$25 office visit co-pay
- b. \$10 generic/\$25 brand name prescription co-pay
- c. \$100 emergency room co-pay
- d. \$100 inpatient/outpatient procedure co-pay

**Healthcare
Dual Coverage**

Effective July 1, 2010, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee.

**Healthcare
Payment-In-Lieu**

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of 50% of the City's premium. This results in a formula that increases as the City's costs of healthcare increases. The current in-lieu amounts per pay period are as follows:

| | <u>Health In- Lieu</u> | <u>Dental In- Lieu</u> |
|--------------------------------------|----------------------------|----------------------------|
| If eligible for family coverage: | 250.31 | 24.44 |
| If NOT eligible for family coverage: | 100.54 | 24.44 |

Effective June 27, 2010, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

HONORABLE MAYOR AND CITY COUNCIL

April 13, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees

Page 4 of 5

| | <u>Health In-</u> <u>Lieu</u> | <u>Dental In-</u> <u>Lieu</u> |
|--------------------------------------|----------------------------------|----------------------------------|
| If eligible for family coverage: | 221.84 | 19.95 |
| If NOT eligible for family coverage: | 89.09 | 19.95 |

A City employee who receives healthcare coverage as a dependent of another City employee shall be deemed NOT eligible for family coverage.

This changes the current formula from a percentage to a fixed dollar amount and will reduce the increases in the health in-lieu program in the future.

Disability Leave Supplement

Reduce maximum disability supplemental pay benefit from nine (9) calendar months (1560 hours) to six (6) calendar months (1040 hours).

Sick Leave Payout

Effective June 27, 2010, modify calculation of payout from a maximum of 75% of final hourly rate for accruals between 800 and 1200 hours, to a maximum of 60% of final hourly rate for accruals between 400 and 1200 hours for current employees. Distribution of payouts for employees who retire before June 27, 2010, shall be made no later than February 1, 2011. For employees hired on or after June 27, 2010, modify calculation of payout to a maximum of 750 hours at 25% of final hourly rate.

Currently for Unit 99, if an employee's balance is greater than 1,200 hours, employee is also eligible for a payout of 75% of the value of sick leave in excess of 1,200 hours that is earned but unused during the two (2) years prior to retirement. Effective June 27, 2010, the payout for this provision will be 60%. This provision shall not be applicable to employees hired on or after June 27, 2010.

Employees who do not retire directly from active City service will no longer be eligible for this benefit. Employees who separate from City service on or before June 26, 2010, and who have 15 years of service shall be eligible for a sick leave payout at the rate that is available upon retirement.

Retirement Cost Mitigation

The Administration will continue to review retirement cost mitigation options, during Fiscal Year 2010-2011 and will come forward to the City Council during the next fiscal year with recommendations.

EVALUATION AND FOLLOW-UP

Staff does not anticipate any follow-up actions necessary at this time.

HONORABLE MAYOR AND CITY COUNCIL

April 13, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees

Page 5 of 5

PUBLIC OUTREACH/INTEREST

- ☐ Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- ☒ Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ Criteria 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

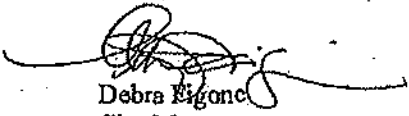
This item meets Criterion 2. This memorandum will be posted on the City's website for the April 27, 2010, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the Office of Employee Relations, the Human Resources Department and the City Manager's Budget Office. In addition, the recommendations have been coordinated with the Council Appointees and discussed with the members of the Unit 99 Forum.

COST IMPLICATIONS

These terms meet the goal of a 5% ongoing total compensation reduction. The approval of these terms will reduce the total compensation for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees. The calculated savings to the City of approximately \$2.35 million in all funds and approximately \$1.5 million in the General Fund are based on the 2010-2011 Base Budget. These savings do not assume reductions in Unit 99, 81, or 82 positions and the associated loss of overhead from other funds that will likely be included as part of the proposed budget process or potential compensation reductions from Council Appointees except the City Manager, which is recommended as part of this memorandum. The budgetary savings will be assumed in the 2010-2011 Proposed Operating Budget scheduled for release on May 3, 2010. Any savings of the freezing of step increases for Units 81 and Unit 82 will be considered in the discussions on the additional 5% reduction. These savings do not include the currently unknown cost increases for healthcare or the increased retirement contributions for active employees in Fiscal Year 2010-2011.


Debra Egonc
City Manager

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

RESOLUTION NO. 75436

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING ADDITIONAL COMPENSATION AND BENEFIT
CHANGES FOR EXECUTIVE MANAGEMENT AND
PROFESSIONAL EMPLOYEES IN UNIT 99 AND OTHER
UNREPRESENTED EMPLOYEES (UNITS 81 AND 82), EFFECTIVE
JUNE 27, 2010.**

**WHEREAS, THE CITY COUNCIL APPROVED A 5% ONGOING TOTAL
COMPENSATION REDUCTION TO THE COMPENSATION AND BENEFITS FOR
EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND
OTHER UNREPRESENTED EMPLOYEES (UNITS 81 AND 82) IN RESOLUTION NUMBER
75363 ON APRIL 27, 2010.**

**WHEREAS, THE 5% ONGOING TOTAL COMPENSATION REDUCTION TO THE
COMPENSATION AND BENEFITS APPROVED IN RESOLUTION NUMBER 75363 ARE
EFFECTIVE JUNE 27, 2010, AND INCLUDED CHANGES TO SICK LEAVE PAYOUT.**

**WHEREAS, THE CITY COUNCIL APPROVED AN ADDITIONAL 5% ONE-TIME
TOTAL COMPENSATION REDUCTION TO THE COMPENSATION AND BENEFITS FOR
EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND
OTHER UNREPRESENTED EMPLOYEES (UNITS 81 AND 82), EFFECTIVE JUNE 27, 2010.**

**WHEREAS, THE ADDITIONAL 5% ONE-TIME TOTAL COMPENSATION
REDUCTION INCLUDES A RECOMMENDATION TO REVERSE THE CHANGES TO SICK
LEAVE PAYOUT APPROVED IN RESOLUTION NUMBER 75363 ON APRIL 27, 2010.**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

- 1. That the additional 5% one-time total compensation changes to the compensation and benefits for Executive Management and Professional Employees in Unit 99 and Other Unclassified Non-Management employees (Units 81 and 82), effective June 27, 2010, are hereby approved.**
- 2. That the sick leave payout changes approved in Resolution Number 75363 are hereby reversed and sick leave payout for Executive Management and Professional Employees in Unit 99 and Other Unclassified Non-Management employees (Units 81 and 82) shall remain unchanged.**

3. The terms of the additional 5% one-time total compensation changes to the compensation and benefits for Executive Management and Professional Employees in Unit 99 and Other Unclassified Non-Management employees (Units 81 and 82) are set out and described in the Supplemental Memorandum to the Mayor and City Council dated June 17, 2010, from the City Manager, attached hereto as Attachment A and incorporated in this Resolution.

ADOPTED this 17th day of June, 2010, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA,
KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE; REED.

NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.

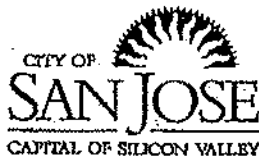


CHUCK REED
Mayor

ATTEST



LEE PRICE, MMC
City Clerk

COUNCIL AGENDA: 06/17/10
ITEM: 6*Memorandum*TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: SEE BELOW

DATE: June 17, 2010

SUBJECT: ADDITIONAL COMPENSATION AND BENEFIT CHANGES FOR
EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN
UNIT 99 AND OTHER UNREPRESENTED EMPLOYEES

SUPPLEMENTALREASON FOR SUPPLEMENTAL MEMORANDUM

Item 6 on the City Council Agenda is for approval of additional compensation and benefit changes for Executive Management and Professional Employees in Unit 99 and other unrepresented employees. The memorandum dated June 4, 2010, includes my recommendations for the additional 5% one-time total compensation reduction and clarification on changes to sick leave payout. This was in addition to the changes approved by the City Council on April 27, 2010, for the first 5% ongoing total compensation reduction. The first 5% ongoing total compensation reduction included a 4.75% base pay reduction, changes to health insurance cost sharing and plan design, changes to sick leave payout and changes to disability leave supplement.

I am modifying my recommendations as contained herein to provide for a 5% one-time total compensation reduction that is easier to implement and provides guaranteed savings effective June 27, 2010. It is recommended that the City Council approve the additional compensation and benefit changes for Executive Management and Professional Employees in Unit 99 and other unrepresented employees, effective June 27, 2010.

BACKGROUND

The memorandum dated June 4, 2010, included a recommendation for the additional 5% one-time total compensation reduction in the form of additional retirement contributions. Since that memo, additional complexities have arisen with the additional retirement contributions, including concerns regarding the impact to employees of the retroactive contributions that would be necessary as the additional retirement contributions are unable to be implemented on June 27, 2010. The soonest the contribution rates would be able to be implemented would be August.

In addition, the City Council approved an agreement with the Association of Legal Professionals (ALP) on June 15, 2010, which I have taken into consideration in revising my recommendation. That was a significant agreement in that it was the first bargaining unit agreement reached to achieve the 10% total compensation reduction. Some employees in Unit 99 have expressed

HONORABLE MAYOR AND CITY COUNCIL

June 17, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees

Page 2 of 3

interest in some elements of the agreement with ALP. Furloughs need to be structured carefully to ensure compliance with the Federal Fair Labor Standards Act (FLSA). There are different issues related to hourly employees, salaried employees and employees in certain professions. Thus, not all furloughs can be structured in the same manner.

I am revising my recommendation for the second one-time 5% total compensation reduction to be a one-time base pay reduction of 5.4% effective June 27, 2010. Employees will also receive twelve paid time off days. The one-time base pay reduction can be implemented effective June 27, 2010, and therefore, avoids any retroactive deduction issues, and the City can assume the savings effective immediately.

In addition, I am recommending that the changes to sick leave payout that were approved by the City Council on April 27, 2010, be reversed. I still believe that there needs to be reform of the current sick leave payout program, which is very generous in comparison to other public sector agencies. However, I am recommending no changes to sick leave payout at this time. This is also consistent with the recent agreement with the Association of Legal Professionals (ALP) that was approved on June 15, 2010.

ANALYSIS

The following is a summary of the additional compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees that are recommended to be implemented upon approval by the City Council:

| | |
|---|---|
| Sick Leave Payout | The changes to sick leave payout that were approved by the City Council on April 27, 2010, shall be reversed and the sick leave payout formulas shall remain as they are currently, until otherwise changed. |
| Additional 5% One-Time Total Compensation Reduction | Effective June 27, 2010 through June 25, 2011, employees will receive a 5.4% temporary base pay reduction. This is in addition to the 4.75% base pay reduction that will be effective June 27, 2010. |
| Paid Time Off | During Fiscal Year 2010-2011, all employees in Unit 99 and Unit 82 will receive twelve (12) paid time off days (PTO). Employees shall receive three (3) paid time off (PTO) days at the beginning of each quarter. The PTO days must be used by the end of the Fiscal Year 2010-2011. |

COST IMPLICATIONS

These terms meet the goal of a 5% one-time total compensation reduction, for a total of a 10% total compensation reduction. The approval of these terms will reduce the total compensation for executive management and professional employees in Unit 99 and other unrepresented employees. The calculated savings to the City is approximately \$2.2 million in all funds and approximately \$1.3 million in the General Fund. This is in addition to the savings already attributed in the Fiscal Year 2010-2011 Proposed Budget for the first 5% ongoing total


75436

HONORABLE MAYOR AND CITY COUNCIL

June 17, 2010

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Unrepresented Employees
Page 3 of 3

compensation reduction as approved by the City Council on April 27, 2010. These cost savings are projected based on the Fiscal Year 2010-2011 Proposed Budget. It should be noted, however, that the actual amount of General Fund and all funds savings would need to be adjusted to reflect final budget approval by the City Council, any associated impacts on revenue from lower overhead or other reimbursements, any adjustments to the cost-recovery fee program.



Debra Figone
City Manager

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

RESOLUTION NO. 75780

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE
APPROVING COMPENSATION AND BENEFIT CHANGES FOR
EXECUTIVE MANAGEMENT AND PROFESSIONAL
EMPLOYEES IN UNIT 99 AND OTHER UNREPRESENTED
EMPLOYEES (UNITS 81 AND 82) AND THE CITY MANAGER,
EFFECTIVE JUNE 26, 2011

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the changes to the compensation and benefits for Executive Management and Professional Employees in Unit 99 and Other Unclassified Non-Management employees (Units 81 and 82) and the City Manager, effective June 26, 2011, are hereby approved.
2. The terms of the changes to the compensation and benefits for Executive Management and Professional Employees in Unit 99 and Other Unclassified Non-Management employees (Units 81 and 82) and the City Manager are set out and described in the Memorandum to the Mayor and City Council dated April 5, 2011, from the City Manager, attached hereto as Attachment A and incorporated in this Resolution.

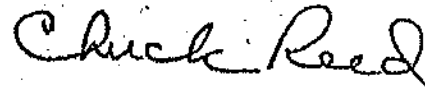
ADOPTED this 19th day of April, 2011, by the following vote:

AYES: CAMPOS, CHU, CONSTANT, HERRERA, KALRA,
NGUYEN, OLIVERIO, PYLE, ROCHA, REED.

NOES: LICCARDO.

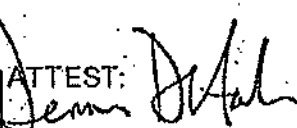
ABSENT: NONE.

DISQUALIFIED: NONE.



CHUCK REED
Mayor

ATTEST:


DENNIS D. HAWKINS, CMC
City Clerk

RD:EJM
4/7/11

RES. NO. 75780

ATTACHMENT A



COUNCIL AGENDA: 04/19/11
ITEM: 3.6

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figono

SUBJECT: SEE BELOW

DATE: April 5, 2011

SUBJECT: COMPENSATION AND BENEFIT CHANGES FOR EXECUTIVE
MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99,
OTHER UNREPRESENTED EMPLOYEES (Units 81/82), AND THE CITY
MANAGER

COUNCIL DISTRICT: N//
SNI AREA: N//

RECOMMENDATION

Adoption of a resolution approving compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees (Units 81/82), effective June 26, 2011.

OUTCOME

Adoption of the resolution and authorization to approve compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees (Units 81/82), effective June 26, 2011.

BACKGROUND

Executive Management and Professional Employees (Unit 99) consists of approximately 228 F1 including Senior Staff, Executive Staff, senior managers under the City Manager's Appointing Authority, Council Office staff, and professional or management employees under the appointing authority of the City Attorney, City Auditor, and Independent Police Auditor. In addition, there are employees in Unit 99 who work in the City Clerk's Office and the Redevelopment Agency. The annual base pay of employees in Unit 99 ranges from approximately \$34,592 to \$201,146. Employees in Unit 99 are exempt employees and therefore do not receive overtime.

Unit 82 does not currently have any classifications assigned to it. Unit 81 includes part-time unbenefitted employees, such as Lifeguards and Student Interns. Employees in this group progress through steps in the salary ranges to the top step, automatically, after working a designated amount of time (six months or one year) at a particular salary step.

T-20085/742328
Council Agenda: 4/19/11
Item No: 3.6

GURZA000609

4/7/11

HONORABLE MAYOR AND CITY COUNCIL

April 5, 2011

Subject: Approval of Changes to Compensation and Benefits for Unit 99, Unrepresented Employees, and the City Manager

Page 2 of 4

The recommended compensation changes for Executive Management (Unit 99) and unrepresented employees are consistent with changes recommended in the agreements with the Association of Engineers and Architects (AEA, Units 41/42 and 43), Association of Maintenance Supervisory Personnel (AMSP) and the City Association of Management Personnel (CAMP). These changes meet the goal that the City Council set in November 2010 for a 10% ongoing total compensation reduction. In June 2010, Unit 99 took a 10% total compensation reduction. The first 5% ongoing reduction was achieved through a 4.75% ongoing base pay reduction and healthcare changes. The second 5% one-time total compensation reduction was achieved through a 5.4% base pay reduction. In accordance with City Council direction, this memorandum recommends making the 5.4% one-time base pay reduction ongoing effective June 26, 2011. It is important to note that the 12 paid time off (PTO) days will not continue.

In addition to the base pay reduction, this memorandum recommends a significant reduction in disability leave supplement effective June 26, 2011, and elimination of the disability leave supplement effective June 24, 2012. This memorandum also recommends a significant reduction in vacation sellback effective December 25, 2011, and elimination of vacation sellback effective the first payperiod of payroll calendar year 2013. In the agreement with the San Jose Fire Fighters and the tentative agreements with AEA, AMSP and CAMP, there is an agreement to continue discussing retirement reform and sick leave payout. These discussions will also be occurring with Unit 99 and any changes will be brought forward separately.

Changes in compensation for the six Council Appointees (City Manager, City Attorney, City Clerk, City Auditor, Independent Police Auditor, and the Redevelopment Agency Executive Director) are usually determined by separate Council action. However, as City Manager, I recommend to the Mayor and Council that I be included in the compensation and benefit changes for Unit 99, as well as any other changes that the Mayor and Council decide will be applicable to Council Appointees.

ANALYSIS

The following is a summary of the compensation and benefit changes for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees that are recommended to be implemented upon approval by the City Council:

| | |
|------------------------------|--|
| Base Pay Reduction - Ongoing | Effective June 26, 2011, the 5.4% one-time base pay reduction for Fiscal Year 2010-2011, shall become ongoing for all Unit 99, 81 and 82 employees. This will result in all salary ranges being decreased by approximately 5.4%. |
| Healthcare and Dual Coverage | In addition to the healthcare changes made for Fiscal Year 2010-2011, including changes to plan design, cost sharing and dual coverage, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree. |

4/7/11

HONORABLE MAYOR AND CITY COUNCIL

April 5, 2011

Subject: Approval of Changes to Compensation and Benefits for Unit 99, Unrepresented Employees, and the City Manager

Page 3 of 4

Disability Leave Supplement Effective June 26, 2011, reduce the maximum disability supplemental pay benefit from six (6) calendar months to three (3) calendar months (520 hours).

Effective June 24, 2012, disability leave supplement will be eliminated.

Employees will be allowed to integrate accrued vacation and accrued sick leave.

Vacation Sellback Effective December 25, 2011, reduce vacation sellback eligibility from a maximum of 120 hours to a maximum of 60 hours. Employees must submit an irrevocable election form to Payroll on or before November 26, 2011, to be eligible to sell back accrued vacation in 2012.

Effective the first pay period of payroll calendar year 2013, the vacation sellback program will be eliminated and no employees will be eligible to sell back any accrued vacation hours.

Vacation sellback changes are only applicable to employees in Unit 99 as employees in Units 81/82 are not eligible for vacation sellback.

EVALUATION AND FOLLOW-UP

None.

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This item meets Criterion 1. This memorandum will be posted on the City's website for the April 19, 2011, Council Agenda.

RD:EJM

RES. NO. 75780

4/7/11

HONORABLE MAYOR AND CITY COUNCIL

April 5, 2011

Subject: Approval of Changes to Compensation and Benefits for Unit 99, Unrepresented Employees, and the City Manager

Page 4 of 4

COORDINATION

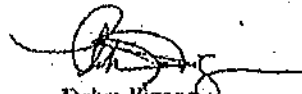
This memorandum was coordinated with the City Attorney's Office, the Human Resources Department, the City Manager's Budget Office and the City Manager's Office of Employee Relations. In addition, the recommendations have been coordinated with the Council Appointees and discussed with the members of the Unit 99 Forum.

COST IMPLICATIONS

These terms meet the goal of a 10% ongoing total compensation reduction, including the 5% ongoing reduction that was approved previously in April 2010. The approval of these terms will reduce the total compensation for executive management and professional employees in Unit 99, including the City Manager, and other unrepresented employees. These terms, which make the 5% one-time total compensation reduction ongoing, generate an additional ongoing savings to the City of approximately \$2.2 million in all funds and approximately \$1.4 million in the General Fund. These savings are based on the 2011-2012 Base Budget as of April 4, 2011. These savings do not assume any recommended reductions in Unit 99, 81, or 82 positions, adjustments necessary to maintain the annual required retirement contributions, and the associated loss of overhead and reimbursements from other funds as well as associated loss of fees and charges revenue that will likely be included as part of the Proposed and Adopted Budget process or potential compensation reductions from Council Appointees except the City Manager, which is recommended as part of this memorandum. The budgetary savings will be assumed in the 2011-2012 Proposed Operating Budget scheduled for release on May 2, 2011. These savings do not include the currently unknown cost increases for healthcare for the second half of Fiscal Year 2011-2012.

CEQA

Not a Project, File No. PP10-069 (b), Personnel Related Decisions.



Debra Pigone
City Manager

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

T-20085/742328

Council Agenda: 4/19/11

Item No: 3.6

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